



# RESNET Board Briefing Manual

*Updated January 4, 2023*



# RESNET Board Briefing Manual

## Table of Contents

<b>RESNET Board of Directors</b> .....	<b>3</b>	<b>RESNET Suppliers Advisory Board</b> ....	<b>10</b>
Introduction to the RESNET Board.....	3	<b>About RESNET</b> .....	<b>11</b>
Strategic, Fiduciary and Governance Responsibilities of the RESNET Board.....	3	What is RESNET? .....	11
Board Meetings .....	3	RESNET By-Laws .....	11
Board Electronic Voting Procedures .....	4	Services Provided .....	11
Board Membership .....	4	Organizational Culture.....	12
<b>RESNET Board Executive Committee</b> ...	<b>6</b>	RESNET Vision Statement .....	12
<b>RESNET Executive Director</b> .....	<b>6</b>	RESNET Mission Statement .....	12
<b>RESNET Staff</b> .....	<b>7</b>	RESNET Goals and Priorities .....	13
<b>RESNET Standards</b> .....	<b>8</b>	RESNET Membership Structure .....	14
<b>RESNET Standing Committees and Task Forces</b> .....	<b>9</b>	RESNET Key Stakeholders .....	14
RESNET Standing Committees.....	9	RESNET Collaborations.....	15
RESNET Working Groups .....	9	RESNET Business Plan .....	15
		Observations on 2023 .....	16
		<b>RESNET Budget</b> .....	<b>18</b>
		<b>Key RESNET Board Policies</b> .....	<b>19</b>

Published by:  
 Residential Energy Services Network, Inc.  
 P.O. Box 4561  
 Oceanside, CA 92052-4561  
<https://www.resnet.us>

© Copyright, Residential Energy Services Network, 2023. All rights reserved.  
 RESNET and HERS are registered trademarks of the Residential Energy Services Network, Inc. and cannot be used without written permission. Copyrighted 2007. All rights reserved.

# RESNET Board of Directors

## Introduction to the RESNET Board

The primary responsibilities of the RESNET Board of Directors are:

- Maintain strategic vision of the organization
- Fiduciary oversight of the organization
- Governance oversight of organization's compliance to the RESNET By-laws, the laws and regulations of the State of California and the IRS rules for (501)c3 organizations

## Strategic, Fiduciary and Governance Responsibilities of the RESNET Board

Following are descriptions of the strategic, fiduciary and governance responsibilities of the RESNET Board:

### Strategic

---

The RESNET Board sets the strategic direction of the organization by adopting the RESNET strategic plan and setting annual priorities.

### Fiduciary

---

The board is responsible for the financial health of the organization by setting the annual budget, reviewing of the monthly financial statements, and receiving the annual financial compilation and independent financial audit.

### Governance

---

The board responsibilities to maintain governance oversight is as follows:

- Amend By-laws
- Amend Articles of Incorporation
- Hire and fire Executive Director
- Entering into debt over \$5,000.00
- Disband the Organization

To maintain the board's focus on its strategic, fiduciary and governance responsibilities, the RESNET By-laws and Board policies have delegated the operational authority to the RESNET Executive Committee (elected by the board), the RESNET Executive Director (appointed by the board) and the RESNET Standing Committees (established by the board). This frees the board from being bogged down by day-to-day operational and management issues.

## Board Meetings

Due to the geographic diversity and large number of members, the RESNET Board conducts most of its business by electronic ballots and regularly scheduled once every two months teleconference meetings..

The RESNET Board has two annual face-to-face meetings:

- Spring business meeting
- Fall business meeting

## Board Electronic Voting Procedures

The Board has adopted the following procedures for electronic balloting:

- RESNET staff will send ballot and supporting information electronically to board members. A board member has 10 days to vote.
- A board member can vote yes, no or abstain. Abstained votes are counted for quorum purposes. A no vote must include a reason why a negative vote was cast.
- If a member (or members) votes in the negative on an electronic ballot and provides reason(s) for their vote, a reconsideration ballot will be circulated specifying the reason(s) for the negative ballot(s) allowing all members a single opportunity to change their original vote. Members shall be given a minimum of five (5) working days to respond to the reconsideration ballot. If members do not respond to the reconsideration ballot within the allotted time, their original vote shall stand.

## Board Membership

The RESNET Board members are representatives of the membership category that elected them.

RESNET Board members have staggered two-year terms and are eligible to run for re-election by their membership category.

Following are the current members of the RESNET Board of Directors:



**Sandra K. Adomatis**  
*Appraisal Institute*  
*Appraiser Representative*



**Matt Gingrich**  
*Energy Diagnostics*  
*Rating Company*



**Jacob Atalla**  
*KB Home*  
*Water Efficiency*



**Emelie Cuppernell Glitch**  
*Performance Systems Development*  
*Provider*



**David Beam**  
*Insulate America*  
*Contractor*



**David Goldstein**  
*National Resource Defense Council*  
*Associate Member*



**Lindsey Elton**  
*Eco Achievers*  
*HERS Rating Company Representative*



**John Hensley**  
*Building Performance Solutions*  
*Provider*



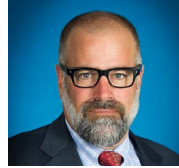
**Philip Fairey**  
*FSEC Energy Research Center*  
*Provider*



**Leo Jansen**  
*Energy Efficient Homes Midwest*  
*Provider Representative*



**Mark Johnson**  
*International Code Council  
 Code Representative*



**Curt Rich**  
*NAIMA  
 Suppliers Advisory Board*



**Cy Kilbourn**  
*Ekotrope  
 Provider*



**Jonathan Risch**  
*ARCXIS  
 Provider Representative*



**Abe Kruger**  
*SK Collaborative  
 Rating Company*



**Brian Shanks**  
*Beazer Homes  
 Production Builder*



**Chris McTaggart**  
*BER  
 Provider*



**Clayton Traylor**  
*Leading Builders of America  
 Production Builder*



**Robert Pegues**  
*U.S. Eco Logic, Inc.  
 Provider Representative*

# RESNET Board Executive Committee

The RESNET By-Laws defines the RESNET Board Executive Committee as being composed of the officers of the board:

- Board President
- Board Vice President
- Board Secretary
- Board Treasurer
- Immediate Past Board President

Board Officer Elections take place at the February Board meeting each year.

The 2023 members of the RESNET Executive Committee were:

- Mark Johnson, Board President
- Cy Kilbourn, Board Vice President
- Philip Fairey, Board Secretary
- David Beam, Board Treasurer
- John Hensley, Immediate Past Board President

Board officers have single year terms. The president of the board can only serve two consecutive terms.

## RESNET Executive Director

Section 6.02 of the RESNET By-Laws defines the responsibilities of the RESNET Executive Director as: “conduct the day-to-day business of the Corporation under the direction of the Board of Directors. Such direction shall be provided through the Executive Director’s job description, the Corporation’s budget, and direction provided by the Executive Committee.

The executive committee provides the operational oversight of the RESNET Executive Director and ensures that the annual priorities of the organization are met.

Section 4.02 of The RESNET By-Laws defines the executive committee responsibilities as, “shall possess and may exercise all the powers granted to the Board of Directors, except the power to amend the Articles of Incorporation or Bylaws, approve amendments to the RESNET Standards, approve the annual operating budget, and to in-debt the Corporation in an amount above \$5,000.00.”

Any decision made by the Executive Committee can be overturned by a majority vote of the full Board of Directors at a regularly scheduled or special Board meeting.

Section 6.02 of the RESNET By-Laws provides that, “The Executive Committee shall establish the compensation of the Executive Director.”

The Executive Committee also conducts the annual evaluation of the executive director.

The Executive Director shall serve as ex-officio, non-voting, member of the Board of Directors and Executive Committee. Consistent with the direction provided by the Board of Directors, the Executive Director may enter into contracts, hire and supervise staff, sign checks and generally communicate on behalf of the Corporation.”

The RESNET Executive Director is Steve Baden.

# RESNET Staff



**Steve Baden**  
*Executive Director*  
sbaden@resnet.us



**Cardice Howard**  
*Deputy Director*  
cardice@resnet.us



**Emma Bennett**  
*Standards Development and Events Manager*  
emma@resnet.us



**Faye Berriman**  
*Controller*  
fberriman@resnet.us



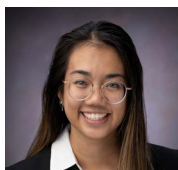
**Valerie Briggs**  
*Communications Director*  
valerie@resnet.us



**Carl Chidlow**  
*RESNET Washington Representative*



**Rick Dixon**  
*Standards Manager*  
rick@resnet.us



**Christine Do**  
*QA Data Analytics Administrator*  
christine@resnet.us



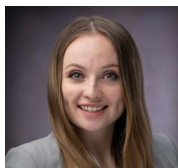
**Scott Doyle**  
*Technical Director, Quality Assurance & Training*  
scott@resnet.us



**Laurel Elam**  
*Director of Quality Assurance Administration and Standards*  
laurel@resnet.us



**Billy Giblin**  
*QA Field Specialist*  
billy@resnet.us



**Clara Hedrick**  
*Administrative Assistant*  
clara@resnet.us



**Neal Kruis**  
*Energy Modeling Director*



**Ryan Meres**  
*Programs Director*  
ryan@resnet.us

# RESNET Standards

A key function of RESNET is to set the standards of quality in building energy performance. RESNET is accredited by the American National Standard Institute (ANSI) as a Standards Development Organization.

RESNET has two sets of standards:

- ANSI Approved National Consensus Standards
- RESNET Non-ANSI Standard “Mortgage Industry National Home Energy Rating Standards”

The RESNET Board has adopted procedures for its standard development activities:

- RESNET ANSI Standards Development Policy and Procedures Manual posted at [https://www.resnet.us/wp-content/uploads/archive/resblog/2017/10/RESNET\\_SDO\\_Procedures.pdf](https://www.resnet.us/wp-content/uploads/archive/resblog/2017/10/RESNET_SDO_Procedures.pdf)

- [RESNET Non-ANSI Standards Development Policy and Procedures Manual posted at https://www.resnet.us/wp-content/uploads/Non-ANSIRESNET-Procedures\\_V1.2\\_11.7.19.pdf](https://www.resnet.us/wp-content/uploads/Non-ANSIRESNET-Procedures_V1.2_11.7.19.pdf)

In order to maintain its status as a Standards Development Organization, the RESNET Board of Directors must delegate its standard development activities to a balanced Standard Management Board.

The RESNET Standard Management Board’s purpose is to oversee the maintenance of the RESNET ANSI and Non-ANSI standards and amending the standards. The chairman of the Standards Management Board is Philip Fairey of the Florida Energy Research Center. Members are listed at <https://www.resnet.us/about/standards/committees/standards-management-board/>

The RESNET Standard Management Board has established the following Standard Development Committees:

## **Standards Developments Committee 200 Instruction, Assessment and Certification**

The RESNET Standards Development Committee 200 is responsible for oversight of RESNET’s education, training, assessment, and certification standards. The members are selected and approved by the Standards Management Board. Sharla Riead of the Accurate Rater Network serves as the committee chair. Members are listed at: <https://www.resnet.us/about/standards/committees/standards-development-committee-200/>

## **Standards Development Committee 900 Quality Assurance**

The RESNET Standards Development Committee 900 is responsible for oversight of RESNET’s quality assurance and sampling technical standards. The members are selected and approved by the Standards Management Board. John Hensley of Building Performance Solutions, LLC serves as committee chair. Members are listed at: <https://www.resnet.us/about/standards/committees/standards-development-committee-900/>

## **Standards Developments Committee 300 Technical**

This committee is responsible for oversight of the RESNET technical standards, with members selected and approved by the Standards Management Board. Gayathri Vijayakumar of Steven Winter Associates serves as the committee chair. Members are listed at: <https://www.resnet.us/about/standards/committees/standards-development-committee-300/>

## **Standards Development Committee 1100 Water Rating Index**

The RESNET Standards Development Committee 1100 is responsible for oversight of the RESNET Water Rating Index technical standards. The members are selected and approved by the Standards Management Board. Jacob Atalla of KB Home serves as committee chair. Members are listed at: <https://www.resnet.us/about/standards/committees/standards-development-committee-1100/>



# RESNET Standing Committees and Task Forces

## RESNET Standing Committees

To better achieve its goal of setting the standards for quality, the RESNET Board of Directors has established standing committees. Each committee's purpose is to provide program policy and implementation recommendations. The chairs of the committees are appointed by the board. Members of committees are volunteers and are appointed by each committee's chairman.

The following are the RESNET standing committees:

### **RESNET Accreditation Committee**

The RESNET Accreditation Committee is responsible for the oversight of RESNET's accreditation application review process and accreditation procedures. Abe Kruger serves as the chair of the committee. For a listing of committee members click on <https://www.resnet.us/about/standards/committees/accreditation-committee/>

### **RESNET Ethics and Appeals Committee**

The RESNET Ethics and Appeals Committee is responsible for review and determination of quality assurance appeals and ethics violations. Chris McTaggart is the chair of the committee. Members are listed at <https://www.resnet.us/about/standards/committees/ethics-and-appeals-committee/>

### **RESNET Software Consistency Committee**

The Software Consistency Committee was formed by the RESNET Board as part of a mechanism by which RESNET can improve consistency of HERS Index scores and modeled energy consumption (based on the RESNET/ICC ANSI Standard 301) among RESNET accredited HERS Rating Software Tools and enhance accreditation testing parameters. Neil Kruis is the chair of the committee. Members are listed at: <https://www.resnet.us/about/standards/committees/software-consistency-committee/>

## RESNET Working Groups

RESNET also relies upon temporary working groups aimed at specific subjects identified by the RESNET Board or Executive Committee.

A working group's main responsibilities are to develop initiatives and recommend amendments to RESNET standards.

Working group members include a broad representation of stakeholders of RESNET standards and services.

# RESNET Suppliers Advisory Board

Energy efficient and renewable energy product suppliers play a critical role in improving the energy performance of homes. RESNET sees the industry's suppliers and manufacturers as a key strategic partner. To give suppliers a voice in RESNET and to benefit from the industry's perspective, RESNET has created a RESNET Suppliers Advisory Board.

The purpose of the RESNET Suppliers Advisory Board is to provide an opportunity for suppliers to better understand RESNET; network with other suppliers, customers, and HERS raters; and to provide supplier input to the RESNET Board of Directors.

Curt Rich of the North American Insulation Manufacturers Association is the chair of the RESNET Suppliers Advisory Board.

## 2023 RESNET Suppliers Advisory Board members are:

---

- APA - The Engineered Wood Association
- Aprilaire
- Maverick Warranties & Insurance
- CertainTeed Insulation
- DuPont Building Innovations
- Johns Manville
- North American Insulation Manufacturers Association
- Owens Corning
- Panasonic Eco Solutions
- Retrotec Inc.
- The Energy Conservancy (TEC)

# About RESNET

## What is RESNET?

The Residential Energy Services Network (RESNET) was founded in 1995 as an independent, non-profit organization to help homeowners reduce the cost of their utility bills by making their homes more energy and water efficient.

RESNET is a California registered membership, tax exempt, public purpose not-for-profit organization.

As well as developing the HERS® Index, CO<sub>2</sub>e Carbon Index and the HERS<sub>H<sub>2</sub>O</sub>® water efficiency Index, RESNET is also responsible for the national training and certification standards for HERS Raters.

RESNET is an American National Standards Institute (ANSI) accredited standard development organization.

To date over 3.6 million home's energy performance have been rated through RESNET's standards.

## RESNET By-Laws

RESNET is governed by a set of By-Laws that was adopted by the RESNET membership in March 2012. The By-Laws are posted at [https://www.resnet.us/wp-content/uploads/2017\\_RESNET\\_By\\_Laws\\_6-6-17.pdf](https://www.resnet.us/wp-content/uploads/2017_RESNET_By_Laws_6-6-17.pdf)

## Services Provided

RESNET offers a suite of services aimed at improving the home energy performance for new and existing homes.

The legacy product is the Home Energy Rating System (HERS) Index for new and existing homes. The HERS Index is the industry's standard for measuring and labeling a home's energy performance. Over 300,000 homes are rated and issued a HERS Index Score annually.

The HERS<sub>H<sub>2</sub>O</sub> Index builds off RESNET's nationally recognized HERS Index to produce a whole house water efficiency rating for single-family and duplex homes by rating their indoor and outdoor water usage. The basis for HERS<sub>H<sub>2</sub>O</sub> is an ANSI standard known as ANSI/RESNET/ICC 850. The first version of this standard was published in the summer of 2020. The development of this standard is a collaboration between RESNET and the International Code Council. RESNET is a WaterSense Home Certification Organization (HCO) and HERS<sub>H<sub>2</sub>O</sub> is a WaterSense Approved Certification Methodology.

The CO<sub>2</sub>e Index builds off the HERS Index and HERS<sub>H<sub>2</sub>O</sub> Index to produce a whole house carbon efficiency rating for new and existing homes by rating the carbon and other greenhouse gases to effect climate change. The basis of the CO<sub>2</sub>e Index is ANSI/RESNET/ICC standard 301-2019. The development of this standard was guided by representatives of National Labs, the Consortium of Energy, the U.S. Department of Energy and the California Energy Commission.

As well as developing the HERS Index, RESNET is also responsible for the national training and certification standards for Raters. To qualify as a certified RESNET HERS rater, home energy professionals must first complete the required rigorous training and testing and then agree to abide by the RESNET Code of Ethics and Standards of Practice.

## Organizational Culture

The basic foundation of RESNET's culture is that it is an independent, membership-based organization that promotes market-based initiatives to improve home energy performance in the U.S.

The key values of the organization are:

**Independent of Governmental Funding** – RESNET is supported through its services, accreditation fees and proceeds from its annual conference and events. It is not dependent on government grants.

**Transparency in Decision Making Process** – All of RESNET's decision making is transparent by postings on its website as well as direct e-mails and social media. All minutes of the RESNET Board are posted on the RESNET website. Board meetings are publicly announced and open to the public.

**Involvement of Industry and Stakeholder Groups** – RESNET offers access to decision making by inclusion of industry representatives on its board of directors, standing committees and task forces.

Striving to create a more diverse staff and industry.

**Consensus Based Standards Development** – All amendments to RESNET standards must undergo a public review and comment process. Anyone is able to submit a standard amendment online.

**Lean Staffing and Administrative Overhead** – The enabling of industry and stakeholder involvement in the standing committees and task forces in decision making allows for a lean staff and low administrative overhead.

**Highly Skilled and Dedicated Base of Home Energy Raters** – Certified RESNET raters are represented among the leading professionals of applied building science. RESNET assists in keeping up to date with the latest technologies, best practices and business development opportunities through a national conference, events, and webinars.

## RESNET Vision Statement

The RESNET Board of Directors adopted the following vision statement:

*A net zero energy residential sector by 2040*

## RESNET Mission Statement

The RESNET Board of Directors adopted the following mission statement:

*To make the energy use of all homes transparent, thereby driving residential sector energy use toward net zero.*

# RESNET Goals and Priorities

Adopted by RESNET Board of Directors, October 7, 2022

## RESNET Goals to Achieve Our Mission:

---

- Enhance RESNET and HERS Raters recognition as the Gold standard for testing, measuring and labeling home performance.
- Lead the path to net zero energy homes.
- Maintain and enhance credibility of RESNET's Ratings. RESNET's energy performance, energy code compliance, water efficiency, and carbon reduction activities through comprehensive quality assurance oversight.
- Grow Business Development Opportunities for HERS Raters and the rating industry.
- Enhance existing and build new collaborations with allied groups leading to better building performance and reduced carbon emissions.
- Increase the percentage of new homes that receive a HERS Rating
- Increase the consistency of HERS software programs.
- Maximize the value that RESNET provides its members by understanding their needs, goals, and pain points and planning adjustments as necessary.
- Facilitate inclusion of energy, water and carbon performance into mortgage financing and real estate appraisals.

## 2023 RESNET Priorities:

---

- Maintain and enhance the RESNET National Registry as a tool for quality assurance, data for publicly traded housing industry's corporate Environmental, Social and Governance (ESG) reporting and RESNET internal research.
- Enhance recognition of RESNET's Standards as the "Gold Standard" for inspecting, testing, and labeling a home's energy, water, and carbon performance.

- Through Collaboration with the HERS Industry, Builders, and Industry Stakeholders Increase the Number of New Homes that Receive a HERS Rating.
- Launching of the RESNET HERS Carbon Index®. The first of its kind new home rating option taps directly into the increasing spotlight on climate change and provides opportunities for new utility incentive programs as well as assisting builders with ESG reporting which can both drive the demand for more ratings.
- Help to mitigate the continuing drought conditions by promoting HERS<sub>H2O</sub>® ratings/WaterSense as a possible solution to address drought conditions with industry builders, ESG rating standards and water districts in affected states.
- Work with builders on to ESG accounting and reporting and SASB reporting while increasing awareness of HERS Ratings, HERS<sub>H2O</sub> Ratings and the Carbon Index.
- Educating the HERS Industry to advocate for legislation and policies that include RESNET ratings and programs.
- Expanding RESNET HERS Index Ratings, HERS<sub>H2O</sub> and Carbon Index in California.
- Working with the secondary mortgage market on launching green bond mortgage programs based on HERS Ratings. These types of programs such as Freddie Mac's Green Mortgage Back Securities program creates value for mortgages of HERS Index rated homes in the secondary mortgage market.
- Position HERS Raters as the preferred "go-to source" for verification of IECC compliance for code officials and builders.
- Engaging RESNET Membership to Communicate the Value that RESNET Provides
- Maintain RESNET financial & management integrity and sustainability.

## RESNET Membership Structure

As a membership based not-for-profit organization, a key strength of RESNET is its members. RESNET has nine categories of membership:

- Accredited Providers (Rating, Rater Training and HERS Software)
- HERS Rating Companies
- Energy Smart Builders
- Contractors
- Suppliers Advisory Board
- Water Efficiency Rating Index Advisory Board
- Appraiser Organization
- Building Code Official Organization
- Associate Members

Each membership category elects its representatives to the board.

## RESNET Key Stakeholders

RESNET relies on working with the rating industry, the housing industry and others to further its mission and goals. The relationships with these organizations are critical in creating a market for high performance homes. These relationships are not based on funding but rather on opening the market for trained and certified RESNET professionals.

These stakeholder groups include:

**Home Energy Raters, Rating Field Inspectors (RFIs), Energy Modelers, Rating Companies, and Providers** – The over 2,900 certified RESNET HERS Raters and RFIs working in over 500 HERS Rating Companies, and over 100 Providers represent the key infrastructure of the organization.

**Home Building Industry** – Not only are home builders a key end user of rating services but they are critical in marketing the HERS Index Score to consumers. They also play a critical role in advocacy at the local, state, and national levels

**Building Code Officials** – Over 300 state and local code jurisdictions have added a HERS Index Score option to their energy code. RESNET and the International Code Council have entered a collaboration to make HERS Raters the go-to option for verification of code compliance.

**Real Estate Industry** – RESNET is in partnership with the Appraisal Institute to provide the outreach and tools for appraisers to consider a home's HERS Index score into the appraisal.

**Utilities** – Utilities across the nation rely upon RESNET standards for the testing and certification of a home's energy performance for residential public benefit programs. Utilities also rely on certified HERS Raters and the HERS Index for their new homes' incentive programs.

**Environmental Protection Agency (EPA)** – EPA's ENERGY STAR for new homes relies upon certified home energy raters and RESNET quality assurance process as the basis for its program. In 2020, RESNET was recognized by EPA as the first ever ENERGY STAR HCO for the Residential New Construction Program. In addition, RESNET is the first EPA WaterSense Home Certification Organization

**U.S. Department of Energy (DOE)** – The DOE Net Zero Energy Home Program is an important “proving ground” for the design and construction of net zero energy homes. DOE uses the RESNET HERS Index in measuring the performance of homes participating in the program.

**Green Home Initiatives** – Led by the USGBC LEED for Homes Program and the NAHB Green Building Program, green home initiatives are using the RESNET HERS Index to measure points for high energy performance homes.

**Contractors** – Contractors play a critical role in the construction of high-performance homes.

## RESNET Collaborations

RESNET has created dynamic national collaborations with stakeholders to assist in meeting the emerging opportunities. National organizations that RESNET are in collaborating with include:

- International Code Council
- Habitat for Humanity International
- Freddie Mac

- Fannie Mae
- Leading Builders of America
- Appraisal Institute
- Building Talent Foundation
- Pearl Certifications
- Phius

## RESNET Business Plan

In 2004 the board adopted a policy of being self-sufficient on an ongoing basis without relying on government grants or contracts. Through this effort RESNET has been able to meet 100% of its operation through accreditation/ membership fees, testing fees and its income through its annual conference.

Currently there are over 2,900 HERS raters and RFIs in all 50 states that have been certified through RESNET’s standards. In 2021 over 300,000 homes in the U.S. were rated and issued a HERS Index Score.

RESNET’s economic success is based upon the business success of its raters and HERS Rating Providers. RESNET’s income flow is based upon the number of homes a rating provider rates. The more ratings conducted, the more income RESNET receives. RESNET’s fundamental business plan is to continue to grow the rating industry by creating more demand for the services.

## Observations on 2023

From all indications, 2023 will present uncertainties to the HERS and housing market. It is certain that due to the threats of inflation and mortgage interest rates the housing market will slow down. How many fewer homes will be built in 2023 is not certain. It is all dependent on what happens with the economy which is anyone's guess at this time.

With this uncertainty, it is incumbent on the HERS industry to seek new opportunities to offset any slowing of the housing market. What better time for the HERS rating industry to expand their portfolio of services than now.

The following are exciting opportunities for the industry to expand their services in 2023:

### **The Reform and Extension of the 45L Federal Tax Credit for Energy Efficient Homes**

---

Over the past years RESNET and its allies have successfully advocated for the extension and reform of the 45L tax credit. This effort was rewarded in 2022 when Congress passed a ten-year extension of the credit and set credits of \$2,500 per home meeting the EPA ENERGY STAR program and \$5,000 for meeting the DOE Net Zero Energy Ready program. All these programs require energy ratings. As the housing market slows down builders will be looking for opportunities to take advantage of these incentives.

### **Green Bond Mortgage Back Securities**

---

The large secondary mortgage markets of Fannie Mae and Freddie Mac have launched mortgage incentive programs for energy-efficient homes financed through green mortgage back securities. These incentives all require HERS ratings. The programs offer financial incentives to lenders to finance energy-efficient homes and sell the mortgages to the secondary market. The Freddie Mac incentive is based on a HERS Index Score of 60 or less and the Fannie Mae program is based on ENERGY STAR certification. Freddie Mac has reported that in 2022 the secondary mortgage processed over \$1.4 billion in green bond loans with HERS Index Scores of 60 or less. As the housing market slows these programs will become very attractive to mortgage lenders. RESNET is teaming up with the Leading Builders of America,

Fannie Mae, and Freddie Mac to streamline the mortgage programs and to propose extending the programs to cover existing homes, the RESNET HERS<sub>H20</sub><sup>®</sup> and the RESNET Carbon Index<sup>®</sup>.

### **Builders Using HERS Index Scores as Part of Environmental, Social, and Governance (ESG) Reporting**

---

ESG is increasingly becoming important to investors. Builders are now using their homes' HERS Index Scores as part of their reporting to stockholders and financial investors. This presents an exciting opportunity for more homes to receive HERS ratings.

### **Having a HERS Index Score Option in State Energy Codes**

---

In 2021 the State of Texas incorporated a HERS Index option to meet the state's energy code. This new provision resulted in an increase of homes HERS rated in Texas by 16%. In 2023 RESNET will partner with industry allies such as the Texas Association of Builders, the Appraisal Institute, and others on conveying the benefits of the new option to builders, code officials, and appraisers. RESNET will also assist the rating industry in building coalitions with state home builder associations and state energy offices in expanding the option to other states.

### **Billions of Federal Dollars Going to State Energy Offices for Residential Energy Efficiency and Electrification Efforts**

---

Through the Infrastructure and the Inflation Reduction Acts Congress has appropriated billions of dollars to the U.S. Department of Energy to be distributed to the state energy offices to support such activities as energy code implementation, homeowner rebates for energy and electrification retrofits and workforce development. Over \$4 billion has been allocated to the states for the Hope for Homes program for whole house retrofits. Energy inspectors and energy modelers will be needed to inspect and calculate the savings required for the whole house retrofits. This is perfect for HERS Raters. RESNET will be keeping its community informed as these efforts develop and provide tools for HERS rating companies to approach their state energy offices and be part of the process.



## **The RESNET HERS<sub>H2O</sub> and RESNET Carbon Index**

---

RESNET has launched water efficiency and carbon rating systems. These systems offer new opportunities for HERS raters. The good news is that the two new ratings can take place in conjunction with the HERS rating. It is expected that these ratings will soon find their way into ESG reporting and green bonds. In addition, it is expected that water and energy utilities will offer incentives for these ratings as part of their water efficiency and load-shifting efforts. Already KB Home has announced that beginning in 2023 all new developments will be HERS<sub>H2O</sub> rated in the water-challenged states of Arizona, California, Nevada, and Washington. It is expected that both rating systems will be incorporated into the HERS rating software in 2023.

## **HERS Raters Providing International Energy Conservation Code (IECC) Section 405 Compliance**

---

Section 405 is the performance option of the IECC. In many parts of the country, the performance option is becoming the builder's preferred energy code compliance choice. RESNET has partnered with the International Code Council (ICC) to prepare a uniform ICC/RESNET IECC Section 405 code compliance report. Only certified RESNET HERS Raters can produce the reports. It is expected that the new report will be incorporated into RESNET HERS software in 2023. Once the reports are incorporated into the HERS software, RESNET and ICC will undertake an education campaign to code officials on the benefits of accepting the ICC/RESNET compliance reports.

## **Build to Rent Home Construction**

---

Despite the concerns of increasing mortgage interest rates, there is an unmet need in housing. There is a large segment of the population who will not be able to afford a mortgage loan due to high-interest rates and student debt. Many of these professionals have good incomes but are forced into the rental market. A growing trend is the construction of homes for the purpose of being rental properties (single-family as well as multifamily buildings). With the increasing interest in financiers in ESG reporting, we are now seeing large build-to-rent developers having all of their homes HERS rated. It can be expected that this trend will grow.

## **HERS Rating of High-Rise Multifamily Housing**

---

RESNET has amended its ANSI standard to allow the rating of high-rise multifamily housing. The HERS software is now able to model these structures and RESNET has set up online training so that HERS Raters can undertake ratings on these developments.

## **HERS Ratings of Habitat for Humanity Homes**

---

Habitat for Humanity is one of the largest builders in the U.S. Habitat for Humanity International is committed to building sustainable high-energy performance homes. RESNET is collaborating with Habitat for Humanity International to plug HERS Raters with local Habitat affiliates in having their homes HERS rated.

# RESNET Budget

Annually the board approves a budget to fund the organization's operation and services. The following is the 2023 budget:

## 2023 Projected Income

RESNET Registry Fees	\$2,250,000
RESNET Conference	\$200,000
Testing Fees	\$275,000
Rater Provider Accreditation Fees	\$157,000
Suppliers Advisory Board Memberships	\$120,000
All Other Provider Fees	\$60,000
Membership Fees	\$41,000
RESNET Registry Income	\$20,000
Interest Income	\$20,000
<b>Total Projected Income</b>	<b>\$3,143,000</b>

## Proposed RESNET 2023 Budget

<b>Payroll</b>	<b>\$1,420,000</b>
Executive Director – Steve Baden	
Deputy Director – Cardice Howard	
Quality Assurance Administration and Standards Director—Laurel Elam	
Communications Director – Valerie Briggs	
Programs Director – Ryan Meres	
Technical Director, Quality Assurance & Training – Scott Doyle	
Senior Accountant – Faye Berriman	
Quality Assurance Field Specialist—Billy Giblin	
<b>Professional Services</b>	<b>\$ 961,000</b>
RESNET Standard Manager	
Energy Modeling Director	
RESNET Conference and Meeting Coordinator	
Database Manager	
Government Relations	
Automated QA Tool Hosting and Licensing	
RESNET QA Support	
Hosting, Maintenance and Support of Servers	
Registry Support and Maintenance	
RESNET Web Site Maintenance	

Marketing and Advocacy	
Financial Audit	
IT Service Support	
Professional Employer Organization (PEO)	
Miscellaneous Contractual Support	
- RESNET Test Support	
- General Administrative Support	

<b>Travel</b>	<b>\$120,000</b>
<b>RESNET Conference</b>	<b>\$260,000</b>
<b>Other</b>	<b>\$197,000</b>

Amortization & Depreciation	
Bank Credit Card Service Fees	
Computer & Software	
Insurance	
Legal Services	
Meetings	
Miscellaneous Other	
- Dues	
- Licenses	
- Subscriptions	
- Memberships	
- Storage	
Office Expense	
Copying and Printing	
Postage	
Supplies	
Telecommunications Services	
Telephones	
Internet	

<b>Total Proposed Budget</b>	<b>\$2,958,000</b>
------------------------------	--------------------

# Key RESNET Board Policies

The board has adopted a set of policies governing board and RESNET staff activities. The policies manual is posted on the RESNET web site at [https://www.resnet.us/wp-content/uploads/RESNET\\_Policies\\_and\\_Procedures.pdf](https://www.resnet.us/wp-content/uploads/RESNET_Policies_and_Procedures.pdf)