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NewHomes



Credit scores and home-buying

Scores help lenders evaluate a buyer's ability to financially handle a mortgage

By Meghann Finn Sepulveda

Experts recommend that buyers who are unsure of their credit obtain a free copy of their credit report online from all of the three major national credit bureaus: Equifax, Experian and TransUnion. You can do so at AnnualCreditReport.com.

"Credit bureaus allow consumers to pull credit up to three times within the same search area such as auto or home loan," said Dustin Gaskey, vice president, builder and development services manager at Fidelity National Title Agency. "Credit won't negatively be impacted if the reports are populated within a three to six month period."

A credit score is determined from the average of all three credit reports. Scores can range from 300 to 850, depending on payment history, the amount owed and the various types of credit. Sometimes discrepancies can occur, especially if the lender only reports to one credit bureau.

"A credit score of 680 or higher puts someone in good standing and opens up the door to home-buying."

—Dustin Gaskey,
Fidelity National Title Agency

Improving your scores

If your credit needs improvement, there are ways to do that — starting with consistently making payments on time, reducing credit card debt and increasing the amount of savings.

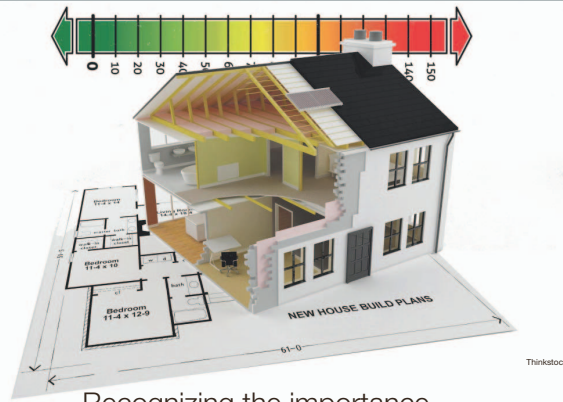
"The good thing is that credit is re-recorded every 30 days," Gaskey said. "You can make positive changes and immediately start to see a direct impact of those efforts the following month."

Resolving past delinquencies and derogatory debt and staying away from the maximum limit on credit cards is another way to improve credit.

"It's actually very beneficial for borrowers to obtain new debt in small factors such as through a secure loan," said Nikki Krukovsky, senior director of real estate lending at Desert Schools Federal Credit Union as well as the president of the Arizona Mortgage Lenders Association. "It helps to re-establish credit."

However, homebuyers are strongly discouraged from acquiring new debt or making large purchases during the home financing period. Credit will be run again 30 days prior to closing and lending ability can change dramatically.

"If a buyer adds credit during this time, it can negatively affect not only the credit score, but ultimately the pricing on the mortgage loan," Krukovsky said. "In addition, new debt can increase the debt-to-income ratio causing the borrower to no longer qualify."



Recognizing the importance of energy-efficiency

Energy-efficiency is good for your wallet — and good for the environment, too

By Debra Gelbart

Buyers looking for energy-efficient new homes will have an easy time finding them in the Phoenix market. That's because at least 60 major production homebuilders in the Valley build new homes to the standards of the Environmental Protection Agency's ENERGY STAR program.

Verified efficiency

Though the ENERGY STAR program was established by the Environmental Protection Agency (EPA) in 1992 and many appliances have been energy-efficiency-certified since then, homes didn't officially become part of the program until the early 2000s. Verification of a home's energy-efficiency by a third-party organization is mandatory for earning the ENERGY STAR label — a third-party is typically an independent rating organization that assesses and values the energy-efficiency of a newly built or existing home.

Since 2001, Arizona Public Service (APS) has promoted high-efficiency construction practices for new homes and endorsed builders who build to ENERGY STAR performance standards, said APS spokeswoman Anna Haberlein.

"Our program is available to homebuilders that produce five or more homes each year," she said. "Participating builders are trained to apply building science principles to ensure that high-efficiency homes also have superior comfort and performance."

While the majority of new single-family construction in the service territory of Salt River Project (SRP) is certified by the SRP ENERGY STAR Homes program, "there are builders that choose to not participate for a variety of reasons," said Nathan Morey, SRP's manager of energy-efficiency programs. "Custom homes and small communities are tough to test and certify to the ENERGY STAR specification cost-effectively, so they may choose to build efficient homes, but forgo the official ENERGY STAR process and certification."

Builders' perspectives

Most new-home buyers seek out homes that operate efficiently — and homebuilders' enthusiasm for building energy-efficient homes stems, in part, from that "change in buyer sophistication," said C.R. Herro, vice president of environmental affairs for Meritage Homes. The ENERGY STAR program "is an opportunity to demonstrate how well our homes can operate," he said. "Buyers can count on lower utility costs, more comfort and a healthier indoor environment."

ENERGY STAR certification "speaks not only to energy-efficiency, but also to overall quality of construction," said Ken Kullinowski, vice president of purchasing for AV Homes. "We want potential homebuyers to recognize our 100 percent commitment to building energy-efficient homes and doing our part to reduce carbon footprints."

Trey Bittaker, general sales manager for PulteGroup, Arizona's largest builder of ENERGY STAR homes, said that PulteGroup has built more than 28,000 homes that have received ENERGY STAR certification.

Bittaker provided some examples of the construction required to capture that designation: walls have to be built to certain specifications, attic insulation must meet certain minimums, the 'building envelope' (the roof, foundation, exterior doors, windows and exterior walls together) must be air-sealed to block drafts, and high-performance windows must reflect heat away from the home, he said.

(ENERGY-EFFICIENCY continued on page NH11)



Thinkstock



Pulte Homes



Pulte Homes



Meritage Homes

(ENERGY-EFFICIENCY continued from page NH1)



Pulte Homes

Participating in the ENERGY STAR program "demonstrates to our customers and partners that we're committed to building an energy-efficient product," Bittaker said, "that will result in lower, more predictable utility bills."

Home Energy Rating System

A key component of determining a home's level of energy-efficiency is the HERS (Home Energy Rating System) rating which is an index or score that is the industry standard by which a home's energy-efficiency is measured. The HERS Index runs from zero to 100 or 150; every point on the scale working backward from the highest number represents a 1 percent improvement in the home's energy-efficiency.

For example, a home that has a HERS rating of 99 is 1 percent more efficient than one with a rating of 100. A zero HERS score is referred to as a 'net zero home' and will have renewable energy, meaning it is a home that produces the same amount of energy that it consumes.

An ENERGY STAR home ranks below 80, which means that a home is at least 21 percent more energy-efficient than a home scoring 100.

And finally...

"In comparison to five or 10 years ago, it's incredible to see the increased adoption

Advantages of an ENERGY STAR-certified home

Lower utility bills. By using less energy for heating, cooling and water heating, ENERGY STAR-certified homes deliver approximately 20 percent savings on annual utility bills. Over the seven to eight years that a typical family lives in a home, thousands of dollars in maintenance costs can be saved.

Enhanced performance. In ENERGY STAR-certified homes, comfort is ensured with consistent temperatures between and across rooms; indoor air quality is enhanced by reducing dust, pollen, bugs and excessive humidity; and durability is improved with comprehensive water protection, windows that block damaging sunlight and better-grade equipment.

Environmental protection. The energy used in our homes often comes from burning fossil fuels at power plants. So by using less energy to operate, ENERGY STAR-certified homes help to prevent air pollution — an added benefit for today's environmentally conscious consumer looking for 'green' choices.

Source: EnergyStar.gov

of energy-efficient construction practices by the homebuilding industry," Morey, of SRP, said. "Their focus on energy-efficiency and their drive to improve their construction practices have allowed them to deliver more efficient homes year over year with little to no incremental cost to the homebuyer."



To find a list of Arizona homebuilders that participate in the **ENERGY STAR program**, visit EnergyStar.gov and click on "Find an ENERGY STAR builder".