



Auditors and REALTORS The New Partnership

Department of Energy Real Estate Initiative
Candace Lightner, REALTOR®, Coldwell Banker
Julie Hawkins, REALTOR®, LEED® AP, D&R International, Ltd.
On behalf of the U.S. Department of Energy
February 18, 2008
RESNET Conference, San Diego, CA



Agenda

- The Real Estate Initiative (REI)
- Evolution of the audit industry
- Reasons agents would work with you
- Reasons you should work with agents
- Marketing tips and opportunities

Real Estate Initiative - Overview

The REI was the brainchild of the U.S. Department of Energy to:

- Explore the buyer's willingness to make the prospective home more energy efficient at time of sale
- And the seller's willingness to introduce energy efficient solutions and products to their homes to make them more saleable.

Why Existing Homes?

- As of 1997 “there were more than 101 million housing units” built in this country. (Most recent RECs data).
- Not surprisingly, existing residential buildings represent the single largest source of potential energy savings (Building America).
- A recent industry study found that 85 percent of the existing home stock is under-insulated.
- A reduction of 10 percent on home energy bills would total almost \$20 billion a year.

How Do We Reach the Existing Homes Market?

By identifying parties that can drive change such as real estate agents and auditors.

Just Look at the Facts



- According to the National Association of REALTORS® (NAR), 90 percent of home buyers rely upon the direction and advice of a real estate agent during the purchase of a home, and 84 percent of home sellers (about 5.4 million) used the assistance of an agent in 2006 alone.

How Do We Reach the Real Estate Agent?

- Learn the Issue
- Develop a Strategy
- Plan Objectives
- Develop a Real Estate Initiative (REI)
- Establish Partnerships
- Overcome the Obstacles
- Move Forward!

The Real Estate Initiative's Goal

To raise the awareness of average real estate agents that would foster market transformation by encouraging homeowners to improve energy efficiency in existing homes.

Our Strategy:

- Education
- Network
- Outreach

Education



- Establish education course for real estate agents
- Develop brochures for REALTORS and their clients
- Conduct Real Estate Agent Roundtable Discussions (RRD) around the country

Network

- Raise awareness and gain support of Association Executives
- Build relationships with related stakeholders such as auditors, title companies, lenders, etc.
- Network with other real estate associations such as National Association of Hispanic Agents, etc.



Outreach

- Make presentations at energy related conferences such as RESNET
- Target MLS's for new energy data inclusion
- Bring Real Estate Industry leaders together
- Establish relationships with major national and international RE companies
- Partner with the National Association of REALTORS (NAR)

Memorandum of Understanding with NAR

- A collaborative arrangement between the U.S. Department of Energy and NAR—the nation's largest trade association
 - REALTOR Magazine collaboration
 - Materials and tools for real estate agents
 - Education for real estate agents
 - Other projects

Examples of Initiative **Activities**

- **MLS Outreach**
 - Increase marketing tools for energy efficient homes; such as new data fields in Multiple Listing Services (MLS)
- **REALTOR Magazine**
 - Provide articles on energy efficiency to trade publications such as REALTOR Magazine.
- **Realtor Roundtable Discussions**
 - Small **Real Estate Agent-only** luncheon sessions targeted to **specific market areas**

Multiple Listing Services

Our first target, the largest MLS in the country, MRIS, has added new data fields to its' listings to capture energy data of homes on the market.



The banner features a scenic view of sailboats on a lake with mountains in the background on the left, and a white classical building with columns on the right. The MRIS logo is prominently displayed in the center, with the text 'Weekly e-News' below it.

- :: MRIS WEBSITE
- :: COMPLIANCE
- :: TRAINING
- :: REPORTS & STATISTICS
- :: PRODUCTS & SERVICES

:: THIS WEEK'S NEWS FROM MRIS

'Green' Features and 'Short Sales' Added



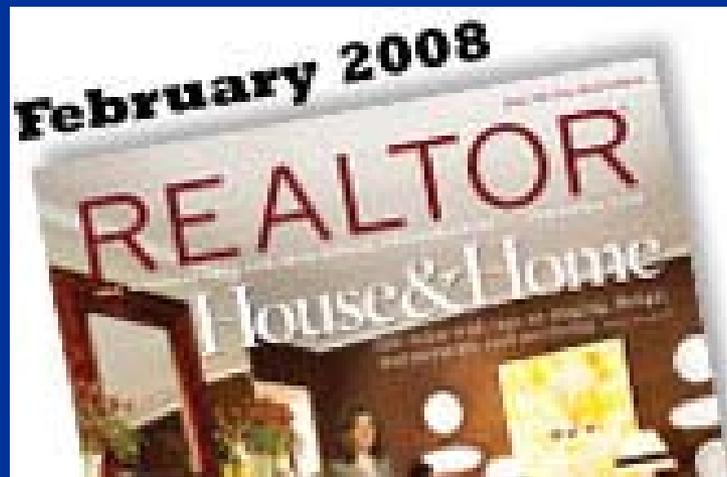
MRIS, Dec. 10, 2007--In response to feedback from our valued MRIS subscribers, the following search options have been added to Matrix: Short Sales, 3rd Party Approval Sales, and Green Friendly Energy Star appliances and heating/cooling systems in Matrix. [Continued >](#)

Major Enhancements; Minor Matrix Unavailability Tonight

MRIS, Dec. 10, 2007--In response to your feedback, Major enhancements are

REALTOR Magazine

February 2008 article about energy audits included a supplemental online video of the audit one agent gave her clients as a closing gift.



More Efficient Homes

Energy audits can help trim utility bills and make homes more energy efficient. REALTOR® Candace Lightner also considers it the perfect closing gift. Watch a behind-the-scenes video of an actual energy audit and add more green to your business.



This Month in Print
Print Article Archives
Reprints / Subscriptions
Editorial Calendar
Architecture Guide
Cost Vs. Value Report
Good Neighbor Awards
Handouts for Customers
Top 100 Companies
Take a Quiz
30 under 30
Young Professionals
Network

This article was published on: 02/01/2008

ONLINE EXCLUSIVES

Finding the Energy Leaks

BY ROBERT FREEDMAN

Charm radiates throughout the beautiful old house your clients just bought — but so does cold air in the winter and hot air in the summer. Should you suggest that your clients install new windows to increase the energy efficiency of their house?

Not necessarily. What you could do is recommend that they get an energy audit conducted by a professional third-party energy efficiency certification company.

Better yet, offer to pay for the energy audit yourself, giving it to them as a closing gift.

It's a pricey gift, at about \$350. But Candace Lightner, a sales associate with Coldwell Banker Residential Brokerage in Alexandria, Va., says you'll garner widespread customer goodwill.

"We thought it was a fantastic gift, and what we're learning about our house is invaluable," says a buyer who had an energy audit conducted on her home late last year at Lightner's expense.

The audits, which take about two-and-a-half hours, are designed to identify major energy leaks in a house. Home owners are given a thick report showing where the top leaks are and how to fix them.

Older Means Less Efficient

Surprisingly, drafty windows and doors are typically not the greatest sources of energy loss, says Lee O'Neal of NSpects, an energy inspection company based in Chantilly, Va. The biggest culprits are construction shortcuts such as:

- The absence of external building wrap around the joists between the floor and walls
- Improperly insulated attics
- Improperly insulated basements and crawl spaces

REALTOR Roundtable Discussions

Raising awareness among Real Estate Agents

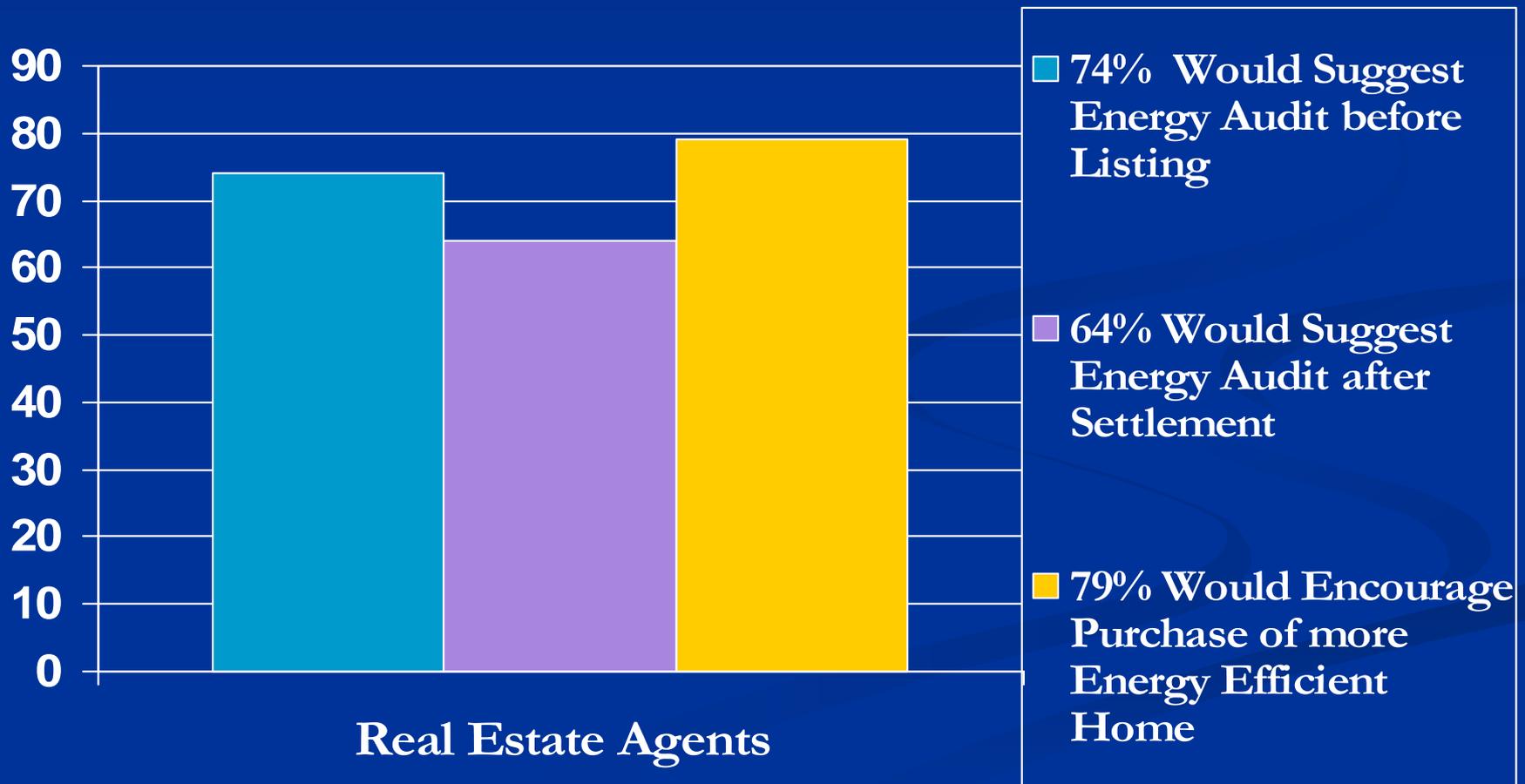


- Conducted in CA, NY, MD, VA, and DC with more being organized
- Introduction to energy issues for attendees
- Presentation on common energy leaks from a local auditor
- Discussion about green building
- Questions “take the pulse” of real estate agents on this issue



REALTOR Roundtable Discussions

Results so far:



Given These Results, What Now?



Partnership!



A New Partnership

■ Commonalities

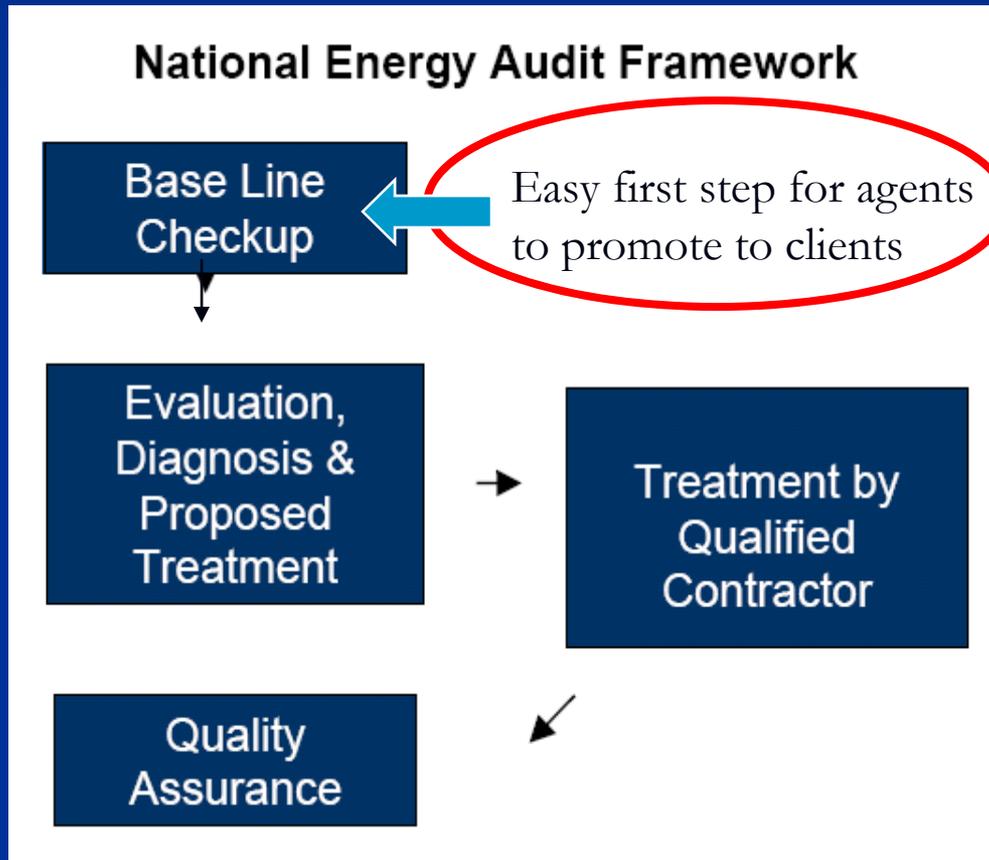
- Auditors and REALTORS are both small business people
- Both often do their own marketing w/ limited budgets
- Both need to leverage resources whenever possible
- Both depend upon a **volatile, evolving real estate market**

Evolution of the Audit Industry

- Traditionally, energy ratings of existing homes focused on documentation for energy efficient mortgages.
- RESNET recognized a far greater market potential than this niche.
 - Developed new RESNET framework for energy audits of existing homes.
 - Identified new market opportunities.

The Importance of Audits

RESNET National Standards for Energy Audits of Existing Homes Task Force developed new framework:



- Auditor/company can specialize or bundle services.
- Base line checkup determines homeowner's level of commitment.
- Auditors can educate homeowners on the value of further analysis.

Overcoming the Obstacles

- Adds cost and complicates the transaction
 - Sit down with your real estate partners. Talk about making audits a standard part of their business model
 - Offer agents a discount if they use audits as closing gifts
 - Offer a low-cost baseline checkup as a first step
 - Use the checkup to educate the consumer
- Want an energy disclosure, not a complicated engineering report
 - Work with real estate agents to simplify and customize the report for their clients in terms that make sense to the layperson
 - **Remind them, this is a competitive market!**

Reasons Agents Would Work With You

- Expand their client services to include pre-improvement or pre-sale consulting via a rater
- Consumers increasingly choosing to hire socially aware professionals who practice what they preach



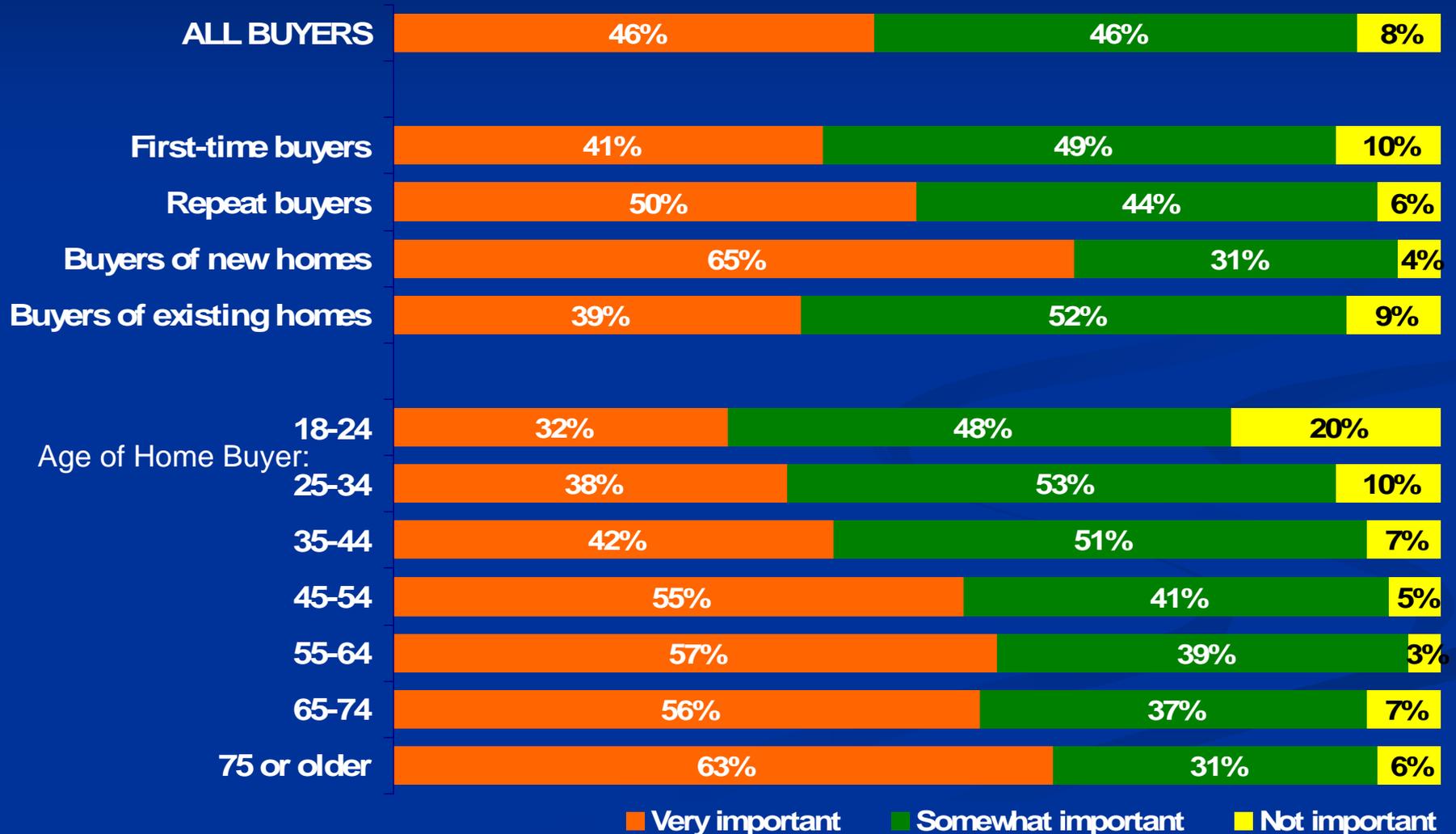
Plus . . .



- You provide quantifiable information which can be used in sales price negotiations or financing
- Good scores can be a marketing angle for listings
- Market niche of “green” is booming
- Satisfied clients will refer their friends = more business!
- Growing consumer demand

What Buyers Are Thinking

NAR: How Important was a Home's Energy Efficiency When Searching for a Home?



Expand Client Services

- Buyers of existing homes want a better picture of what needs to be done before their improvements
- Sellers who have made improvements may want to quantify that in a way that can increase sales price
- Homeowners considering selling their home may want to make audit-driven improvements prior to the sale.
- Some buyers may want to make their purchase contingent upon a satisfactory audit.



Quantifiable Information

- Sellers can bargain for a better sales price using rating savings data.
- Potential lenders need hard data to justify risk reduction of a better loan (lowered points or adjusted debt-to-income ratios).

Marketing Angle

- Good scores can be a marketing angle for listings.
 - More MLSs are adding new fields to their data to allow for energy-related information so that agents can search for specific criteria for buyer clients.
 - Scores can be touted in advertising, brochures, at open houses, or on signage in the home.
 - *REALTOR Magazine* and other real estate media are educating agents about how to market energy efficiency.

Now you will have the opportunity to hear from one of your own, **Lee O'Neal** of CGE Solutions, about why you should join forces with real estate agents...

Our Contact Info

Candace Lightner, REALTOR®

Coldwell Banker

Consultant to the U.S. Department of Energy

clightner@mris.com



Julie P. Hawkins, REALTOR®, LEED® AP

D&R International, Ltd.

On behalf of the U.S. Department of Energy

jphawkins@drintl.com