



Get Your NGBS Green Certified Homes Valued Appropriately

How to Use the Appraisal Institute's Residential Green and Energy Efficient Addendum

What is the Residential Green and Energy Efficient Addendum?

The Appraisal Institute's **Residential Green and Energy Efficient Addendum** was developed to help ensure home appraisals reflect high-performance features. The Addendum recognizes third-party green and energy efficiency certifications, as well as other green features, completed energy audits, and/or local energy incentives available to homeowners. It documents information known about the property for use by the appraiser during the property review. The Addendum can be completed by the home's builder, remodeler, verifier/rater, appraiser, or anyone else connected to the property who has a good working knowledge of its green or energy-efficient attributes and certifications.

Why is the Addendum important?

Homes with a national third-party certification and green features sell for higher prices in many markets. However, appraisers can't accurately value green and energy efficient features if they don't know what features have been included in the home. By completing an Appraisal Addendum for all your green homes, you can help ensure your homebuyers receive a fair appraisal reflecting the inherent value of the third-party certification and all of the green home features, and the associated reduction in operating costs. When green homes are valued appropriately, your commitment to green home construction and third-party performance standards is validated, which provides differentiation for you in the market!

We encourage builder partners to communicate the added value of an NGBS Green Certified home using the Addendum—educate prospective buyers on the additional value of the NGBS Green third-party certification and the home's specific green features. Include this information in your marketing materials to further highlight the value of third-party green home certification.

How do I use the Addendum?

With your NGBS Green Certification, you'll receive an Addendum that is partially pre-populated with details about the home. Complete the form with additional green features related to insulation, the building envelope, windows, HVAC, etc.

- **If the form is for a new home**, submit the completed Addendum and all supporting documents (i.e., energy performance reports, product specs, etc.) directly to your assigned appraiser. The homebuyer may also appreciate a copy for use during future resale of the property.
- **If the form is for a remodel project**, provide a copy of the Addendum to the homeowners to share with their real estate agent and appraiser at resale.

*For more information visit www.homeinnovation.com/GreenHomeAppraisals
or contact us online at www.homeinnovation.com/NGBSGreenContact.*

And let your current and prospective buyers know you'll be providing the Addendum for all NGBS Green Certified homes you build – talk about it on your website, blog and/or Tweet about it, send a news release to your local media outlets, shout it from the highest hill with the loudest megaphone! If you have questions about how to promote your participation in the NGBS Green Certification program and/or your use of the Appraisal Addendum, contact Home Innovation.

What if the appraisal of the home will occur before the NGBS Green Certification?

Many homes will be appraised before the NGBS Green Certification is complete. You or your verifier can access and complete the Addendum and provide it to the appraiser in advance of the certification if you choose. Home Innovation simply provides the Addendum after our certification as a service to our NGBS Green Partners and to raise awareness of the Addendum's importance.

You can download a PDF of the Addendum from www.appraisalinstitute.org/education/education-resources/green-building-resources/.

Will my appraiser know how to use this?

Appraisers with specialized training and experience with green home valuations are best equipped to properly review NGBS Green Certified homes. Use of the Addendum helps to flag the home as an "atypical" appraisal for the lender and justify the selection of an appraiser that is specifically qualified in green home valuations. Our advice to our builder partners is to encourage prospective buyers to request that their lender contract with appraisers who have experience and/or professional training on green and energy-efficient home appraisals. Some builders even stipulate in their contract of sale that the lender selected by the homebuyer must use an appraiser with experience appraising green homes. An example of this kind of language is below:

"This Home is being built/renovated/updated to nationally recognized standards above prevailing code. It is designed and constructed with unique features and materials and with high efficiency equipment and in accordance with high efficiency standards. The Lender shall choose an Appraiser educated and knowledgeable in this type of valuation of these specialized Homes, preferably an appraiser who holds a professional appraisal designation that requires advanced education on such issues as the valuation of sustainable buildings (e.g. MAI or SRA designations from the Appraisal Institute). The appraiser shall provide verification of green valuation education of 14 hours or more from a qualified educational provider and knowledge to be permitted to conduct the appraisal for this project."

[Credit: Matt Belcher, Matt Belcher, Hibbs Homes, Wildwood, Mo.]

Direct your lenders to the Green Appraiser Registry, a public database of all professionals who have successfully completed the Appraisal Institute's green valuation courses and passed the exams for the Valuation of Sustainable Buildings Professional Development Program. Visit www.myappraisalinstitute.org/findappraiser/ and select "Valuation of Sustainable Buildings: Residential" on the left-hand side.

Share Your Experiences! After using the Appraisal Addendum, tell us about your experience by sending a message on www.homeinnovation.com/NGBSGreenContact.