- 80 plus year old professional society of real estate valuers
- 21,000 members in 60 countries
- Advance professionalism and ethics, global standards, methodologies and practices
- Leader in appraisal education, literature
- A leader in development of the body of knowledge
Cost ≠ Value
Cost is the amount paid for acquiring a good or service
Value is the utility of a good or service
Cost is objective; value is subjective
Water vs. diamonds
The appraiser is data driven
Green valuation is still an evolving market and sometimes data can be hard to find
Cost Approach, Income Capitalization Approach, & Sales Comparison Approach
  Residential = Sales Comparison
  Commercial = Income Cap.
USPAP requires an appraiser to consider all property characteristics that affect value.

But, no concise way for the appraiser to analyze and report data regarding energy efficient improvements.

- One line on the Fannie Mae 1004/URAR
Residential & Commercial Green & Energy Efficient Addenda

- Intended to be a research tool for appraisers
- Includes fields for information on types of improvements that would affect value
- Help in identifying comparables
- Open source – available on the AI website
# Residential Green and Energy Efficient Addendum

**Address:**

- **Client:**
- **Appraiser:**

**Additional information:**

- The appraiser has certified that the information provided is correct and reliable.
- The appraiser has not been involved in the construction or excavation of the subject property or in any transaction involving the property.
- The appraiser is not related to the owner or any person involved in the construction of the property.
- The appraiser has not been compensated for any services related to the subject property.

**Comments:**

- The appraiser has reviewed all documentation related to the subject property.
- The appraiser has not been employed by any party involved in the construction or financing of the subject property.
- The appraiser has not been involved in any related transaction.

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## ENERGY EFFICIENT ADDENDUM

**Property:**

- **Address:**
- **City:**
- **State:**
- **Zip Code:**

**Energy Efficiency Rating:**

- **Energy Star Rating:**
- **HVAC System:**
- **Water Heater:**

**Appliances:**

- **Refrigerator:**
- **Washer:**
- **Dishwasher:**

**Heating:**

- **Gas:**
- **Electric:**

**Cooling:**

- **Central:**
- **Window:**

**Solar Panels:**

- **Photovoltaic:**
- **Solar Thermal:**

**Water Efficiency:**

- **Toilet:**
- **Closet:**

**Electrical:**

- **Generators:**
- **Voltage:**

**Other Features:**

- **Security System:**
- **Garage:**

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*The efficiency of this Addendum is the responsibility of the appraiser.*
Success with the residential addendum in the home building community

- Home Innovation Labs, ResNet
- Builders, raters, and contractors can fill out the form and provide it to the appraiser

Works really well with builders that have their own mortgage companies

- Pipeline for information
Challenges with the addenda

- Lenders focused on complying with regulations and satisfying regulators
- Green valuation far down the priority list for lenders
- Lack of awareness of adjustments by U/W
- Investor guidelines are gospel; green valuation not addressed; FHA more explicit
  - Need to comply with in order to insulate from repurchase demands
One area for consideration

- Could state housing finance agencies mandate the use of the Residential Green & Energy Efficient Addendum?
- Coordination between EO and HFA?
• AI is the leading organization educating appraisers on green valuation
  – Valuation of Sustainable Building Professional Development Program
    • 4 course series
    • 400+ appraisers on the Registry; Thousands of others have taken one or more of the courses
  – Seminars, webinars, and publications
• MoU with the Colorado Energy Office signed in 2012
  – Jointly promote wide use of tools to document home energy features
  – Jointly develop valuation studies
    • 2013 – Partnered to provide an analysis of the impact of solar PV systems on the home-buying process in the metro Denver area
  – Promote continuing education
    • CEO provides funding to bring in AI education

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