

Inform Your Clients About Energy Efficiency with the Home Energy Score

Most homebuyers enter into the largest investment of their lives without knowing how efficient or comfortable the home is, and little idea of how much utility bills are likely to be. The U.S. Department of Energy is starting to change that, and real estate professionals are in a prime position to alert clients of the Home Energy Score.

What is the Home Energy Score?

Like a miles-per-gallon rating for a car, the Home Energy Score is an easy-to-understand rating designed to help homeowners and homebuyers gain useful information about a home's energy performance. Based on an in-home assessment that can be completed in less than an hour, the Home Energy Score not only lets your client understand how efficient a home is and how it compares to others, but also provides recommendations on how to cost-effectively improve the home's energy efficiency.

The Home Energy Score uses a simple 1-to-10 scale where a 10 represents the most energy efficient homes. The Score was designed to be easily understood and to tap into people's desire to improve their score or to outperform their peers.

Including the Score in a home sale is

- ▶ **Fast.** Assessments can be completed in under an hour in most homes.
- ▶ **Affordable.** The Scoring Tool is provided at no cost to Assessors to keep costs low for homebuyers.
- ▶ **Simple.** The Home Energy Score provides easy to understand and comparable information about a home's energy performance.
- ▶ **Credible.** DOE supports robust training and testing to ensure a high quality product.
- ▶ **Flexible.** The Home Energy Score is a voluntary approach for scoring single-family homes and townhouses nationwide.



“As homeowners start to ask more questions about energy efficiency, the Home Energy Score is a way to meet your client's needs.”

— Craig F., RE/MAX Leading Edge

Why Use the Home Energy Score?

- ▶ **Real estate professionals & States recognize customers want to know more about home energy costs.**
Multiple Listing Services (MLSs) are starting to provide the Home Energy Score to buyers. States across the country are adopting the Score to ensure energy efficiency information is consistent and credible.
- ▶ **Financial incentives make the Score attractive for home improvements.**
Under Fannie Mae's HomeStyle Energy mortgage loan, borrowers can finance up to 15% of a home's "as completed" appraised value for energy efficiency improvements by receiving a Home Energy Score. Borrowers in this program can also qualify for a stretch on their debt-to-income ratios for homes that score a 6 or higher, or for making improvements to a less efficient home. The Federal Housing Administration (FHA) has a similar policy that allows larger debt-to-income ratios for high scoring homes. These policies reflect the fact that more efficient homes have lower operating costs.

► **Homes sell faster with energy disclosure.**

Homebuyers appreciate having as much information as possible when comparing homes, and the Home Energy Score helps convey this information. One study found that homes disclosing energy costs - even when those costs were high - closed at a higher percentage of the asking price and spent less time on the market than comparable homes that did not disclose energy costs. Read more at: <http://www.elevateenergy.org/energy-cost-disclosure-higher-close-rate/>.

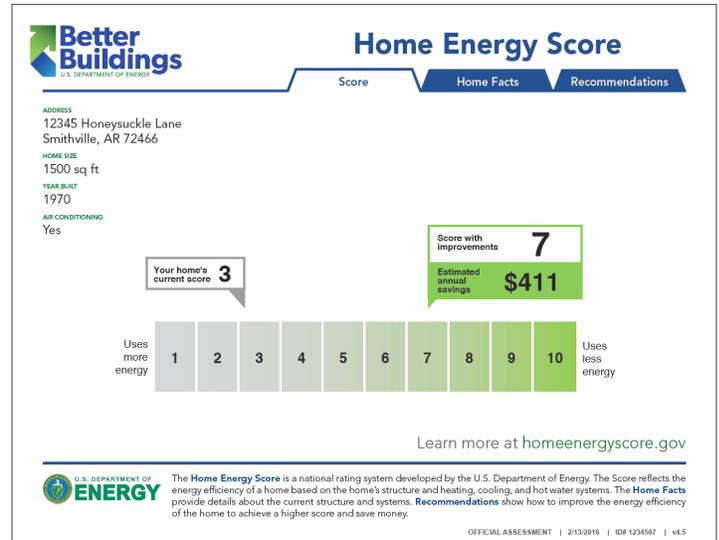
“A homebuyer with an income of \$75,000 who currently qualifies for a monthly mortgage payment of \$1,938 can now borrow an extra \$125 per month for a more energy efficient home. Financed with a 30-year mortgage at today’s rates, the homebuyer can now qualify for a house valued at approximately \$26,500 more than a less efficient house.”

— DOE Blog Post on FHA Policy



Recommend the Score to Your Clients

The Home Energy Score can help your clients make an informed decision when buying a home, and help homeowners sell their home faster. Visit our website at HomeEnergyScore.gov to locate a Qualified Assessor in your area. Email us at HomeEnergyScore@ee.doe.gov for more information.



Key Features of the Home Energy Score

- An energy efficiency score based on the home’s envelope and heating, cooling, and hot water systems.
- A total energy use estimate, as well as estimates by fuel type assuming standard operating conditions and occupant behavior. The Home Facts pages provide both the data collected during the home walk-through and the estimated energy use for the home.
- Recommendations for cost-effective improvements and associated annual cost savings estimates. Recommendations are divided into two categories: “Repair Now” (e.g. better insulation, air sealing, duct sealing) and “Replace Later” (e.g. replacing HVAC and hot water equipment with ENERGY STAR rated options).
- A “Score with Improvements” reflecting the home’s expected score if cost-effective improvements are implemented.