

Home Energy Ratings

BY ANNA CHANG-YEN | Green Shoot Media

If you're searching for a new home, particularly new construction, you might see homes advertised as "RESNET HERS rated." What does that mean?

RESNET stands for the Residential Energy Services Network. The nonprofit was founded in 1995 to help homeowners make their homes more efficient and lower their utility bills. RESNET calls its Home Energy Rating System (HERS) Index "a sort of miles-per-gallon sticker for houses, giving prospective buyers and homeowners an insight as to how the home ranks in terms of energy efficiency."

HOW THE RATING IS ASSIGNED

Certified professionals test homes for air leaks to the outside, leaks in the heating and cooling systems, how well the home's insulation works and potential safety issues. They then assign the home a rating.

When a home receives a rating on the HERS Index, it is compared to a reference home at a score of 100. According to RESNET, a standard new home built in 2006 receives a 100 rating, while the typical resale home is rated at 130. The lower the rating, the more energy efficient the home. For example, a home rated at 70 on the index is 30 percent more energy efficient than a standard new home, while a home rated



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REAL ESTATE 101

A Holistic Approach

The U.S. Department of Energy recommends a "whole-house system approach" when building a new home or undertaking a major remodel. According to Energy.gov, this will provide a cohesive approach to your home's energy efficiency among all the professionals involved. According to Energy.gov: "In addition to occupant behavior, site conditions, and climate, these include appliances and home electronics; insulation and air sealing; lighting and daylighting; space heating and cooling; water heating; and windows, doors, and skylights."

at 130 is 30 percent less efficient. All ratings are determined after accounting for the size, shape and type of home.

HERS ratings are used by agencies including the Department of Energy,

Environmental Protection Agency and the Department of Housing and Urban Development.

WHY IT MATTERS

Knowing a home's HERS

Index rating provides prospective buyers with valuable information, including how much they can expect to spend on monthly utility bills. The evaluator's report also will outline energy efficiency problem

areas in the home, so if the rating is higher than expected, the report functions as a road map to the needed improvements.

The ratings also can be used to qualify for special mortgages intended to encourage consumers to buy energy efficient homes. With a HERS rating in hand, a buyer might be able to qualify for an Energy Efficient Mortgage (EEM). This program can help homeowners qualify for bigger mortgages by allowing increased debt-to-income ratios, according to EnergyStar.gov. This helps because energy-efficient homes typically are more expensive. Buyers also can use an EEM to make improvements to a less efficient home. According to the Department of Housing and Urban Development, an EEM can allow a homeowner to buy a \$200,000 home, make \$10,000 in energy efficiency improvements, and save \$21 on monthly costs of ownership vs. simply buying the \$200,000 home, due to lower utility bills.

"Lenders recognize the savings that energy upgrades will bring to homeowners," according to the HUD website. "Borrowers may use these potential savings like extra cash, and add the cost of upgrades into the mortgage, paying them off as part of the monthly mortgage payment." Both new and existing homes qualify for the program.



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WHY THE RATING MATTERS

Knowing a home's HERS Index rating provides prospective buyers with valuable information, including how much they can expect to spend on monthly utility bills. The evaluator's report also will outline energy efficiency problem areas in the home, so if the rating is higher than expected, the report functions

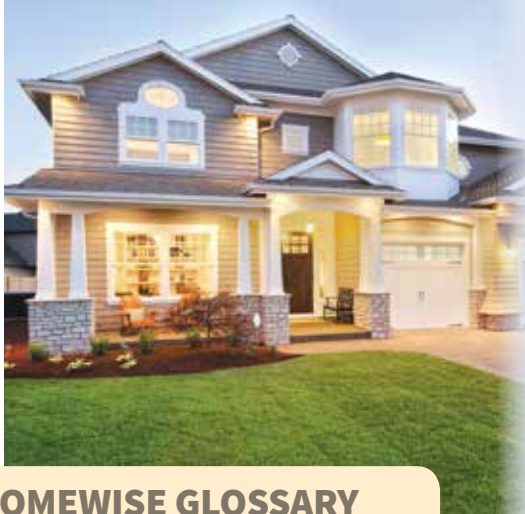
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HOMEWISE GLOSSARY

Riparian rights: the rights of an owner of property adjoining a watercourse such as a river, including access to and use of the water.

SOURCE: Columbia University

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