



SUSTAINABILITY SUMMIT 2023



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 **SUSTAINABILITY
PROGRAM**

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Sustainable & High-Performance Homes
PrimeLending, A PlainsCapital Company

Atlanta, Ga



Financing Resilient and High-Performance Homes

Before we get started ... a few questions

Raise Your Hand if Yes ...

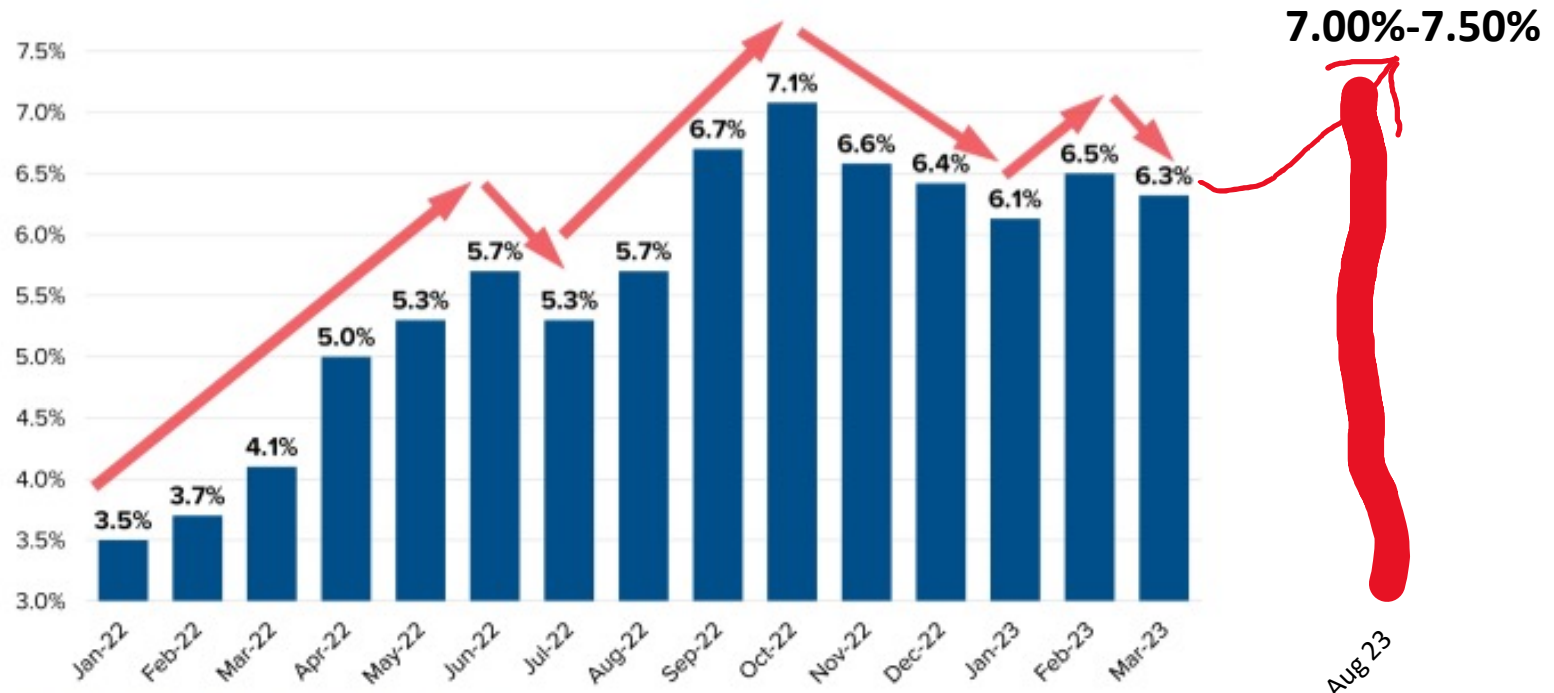
- Who believes that High Performance/Sustainable/Resilient homes cost more to buy?
- If they do have a bigger price tag (and usually a bigger mortgage), do they cost more to own?
- If they have a bigger mortgage, are they harder to qualify for?
 - And finally, do buyers of High Performance/Sustainable/Resilient homes, get lower mortgage rates?



Financing Resilient and High-Performance Homes

Fixed Mortgage Rates

JOHN BURNS
RESEARCH & CONSULTING



Source: Freddie Mac, monthly averages; Mar. 30, 2023



Financing ~~Resilient and High-Performance~~ any Homes

- Mortgage financing is a tough subject to discuss these days
- Let's face it, the stats are less than what I would call "cheery"
 - In the last 21 months, interest rates have moved from 3.5% to the mid 7.0%'s
 - Pricing out approximately 20,000,000 households from being able to qualify for a mortgage to purchase a median priced home (\$425,000)
 - Earlier this year, real estate consulting firm, John Burns and Associates released results from their New Homes Trends Institute survey of 1300 homeowners & renters with household incomes of \$50,000 + and two eye-opening stats grabbed my attention ...
 - 62% of consumers believe that a historical "normal interest rate" is 5.5%
 - 71% of prospective buyers who plan to purchase their next home with a mortgage say that they will not accept a mortgage with an interest rate above 5.5% (So I say we have our marching orders)



Financing Resilient and High-Performance Homes

- Not to worry, while none of us can change the interest rate marketplace ... we do have an unfair advantage ... we are selling a better product
- Homes built or remodeled to be Resilient and Sustainable are truly better built, higher quality homes and offer the prospective home buyer something much more important than just a lower interest rate
- They provide the homeowners with a durable resilient property, an improved living environment ... featuring improved indoor air quality, reduced operating expenses ... due to energy efficient design/systems and an opportunity for the owners to reduce their reliance on fossil fuels ... oh yes, and they cost less to own!
- That's right, high performance homes cost less to own!



Just like building a Resilient or High-Performance Home is about using innovative construction techniques, financing these homes takes an innovative perspective as well.

I use a software program I developed that looks at the home buying (and financing) process based on Total Cost of Ownership. The software is called TCO®-*flex*

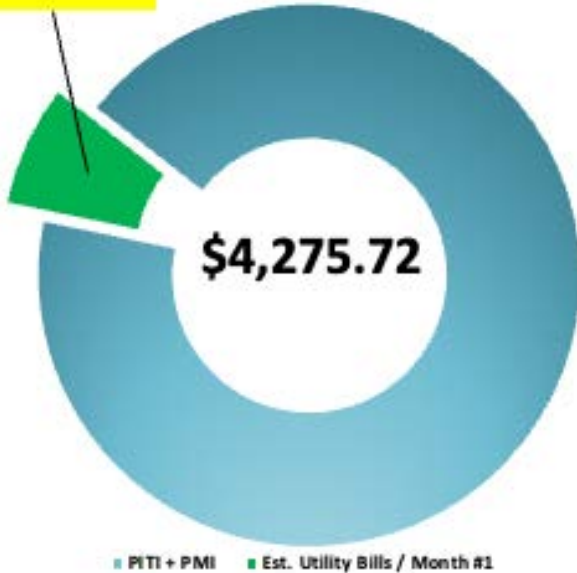


Which home do you want to sell?



Monthly Total Cost of Ownership for a 15 Year Old Resale Property, Built to Code w/Traditional Financing and Utilities

Est. Utility Bills / Month #1 \$312.50



Purchase Price - \$450,000.00

Down Payment - 3.50% or \$15,750.00

Total Cost Of Ownership thru Year 30

\$1,686,822.96

15 Year Old Home “maybe” built to code, with traditional financing

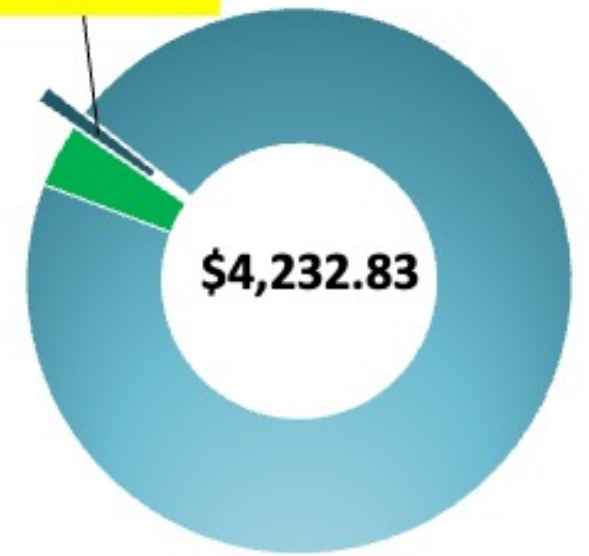
Est. Mortgage Payment - \$3,963.22
Est. Monthly Energy/Utility Bills (Year #1) - \$312.50
Monthly TCO - \$4,275.72 - HERS Index - 125
Loan Term - 360 Months / 30 Years - Interest Rate - 7.25%
APR (Annual Percentage Rate) - 8.137%
Estimated Air Changes per Hour - 7
Estimated Cubic Ft of Unfiltered / Unconditioned Air Leaking into your Home Per Hour / 176,400

Which home do you want to sell?



Monthly Total Cost of Ownership for a New Construction Home, Built to EnergyStar standards, w/Traditional Financing - Est HERS 65

Monthly Savings vs. Code Built, \$42.89



■ PITI + PMI ■ Est. Utility Bills ■ Monthly Savings vs. Code Built

Purchase Price - \$465,000.00

Down Payment - 3.50% or \$16,275.00

Reduction in Total Cost of Ownership thru Year 30

\$86,280.72 / 5.115%

New Construction Built to EnergyStar® Standards w/Traditional Mortgage Financing

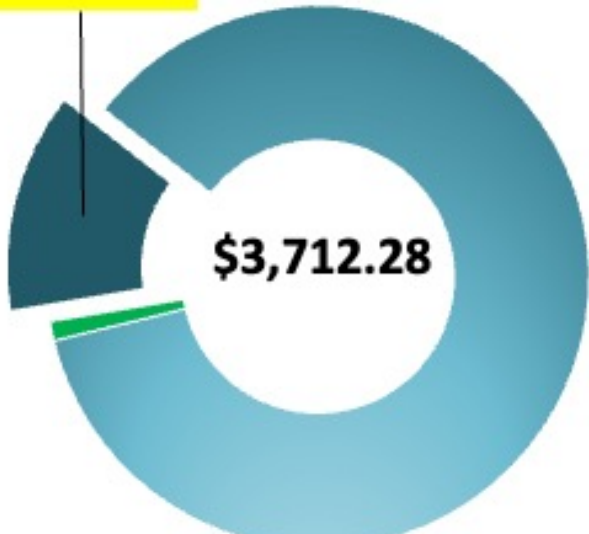
Est. Mortgage Payment - \$4,070.33
Estimated Solar Loan Monthly Payment - \$.
Est. Monthly Energy/Utility Bills (Year #1) - \$162.50
Monthly TCO - \$4,232.83 - HERS Index - 65
Loan Term - 360 Months / 30 Years - Interest Rate - 7.25%
APR (Annual Percentage Rate) - 8.135%
Reduction in TCO / Month #1 (%) - 1.003%
Estimated Air Changes per Hour - 5
Estimated Cubic Ft of Unfiltered / Unconditioned Air Leaking into your Home Per Hour / 126,000
Estimated Net Increase / Decrease in Purchasing Power / Affordability - (\$12,236.10)

Which home do you want to sell?



Monthly Total Cost of Ownership for a New Construction Home, Built to EnergyStar standards, w/TCO-flex Optimized Financing and 10kW Solar PV with 80% offset - HERS 65

Monthly Savings vs. Code Built, \$563.44



■ PITI + PMI ■ Est. Utility Bills ■ Monthly Savings vs. Code Built

Purchase Price - \$517,142.86

Down Payment - 3.50% or \$18,100.00

Reduction in Total Cost of Ownership thru Year 30

\$714,122.77 / 42.335%

New Construction Home Built to EnergyStar® Standards w/ TCO®-flex Optimized Financing, including 10kW Solar PV – 80% offset

Est. Mortgage Payment - \$3,662.28
Est. Monthly Energy/Utility Bills (Year #1) - \$50.00
Monthly TCO - \$3,712.28 - HERS Index - See Energy Offset
Loan Term - 360 Months / 30 Years - Interest Rate - 5.75%
APR (Annual Percentage Rate) - 5.786%
TCO Equivalent Annual Percentage Rate - 4.7720%
Reduction in TCO / Month #1 (%) - 13.178%
Estimated Air Changes per Hour - 3
Estimated Cubic Ft of Unfiltered / Unconditioned Air Leaking into your Home Per Hour / 75,600
Estimated Net Increase / Decrease in Purchasing Power / Affordability - \$42,495.72

And the results/benefits for your buyers are nothing short of amazing ...

\$764,385 - in reduced Total Cost of Ownership (over 30 years)

\$219,640 - of the savings due to reduced energy/utility expenses

\$54,092 - increase in Affordability/Purchasing Power

60% - decrease in unconditioned/unfiltered air leaking into their home



Anyone have a potential seller that is “stuck” with a low interest rate loan?

Earlier this year, my wife and I considered moving our primary residence from Berkeley Lake, Ga to Pensacola, FL ... Our plan was to add Solar, Battery Storage and a back-up Generator to our deal (and a pool after closing)

(and we have a 2.75% fixed rate 1st mortgage on our current home)

Aside from the pool, these energy/resiliency upgrades were going to cost \$100,000 +/-



The numbers were amazing ...



**LivinBetter365
Listed Property
Dashboard**

Pensacola House -
Traditional Financing
& Utilities - Assumed
HERS 120

Pensacola House -
traditional Financing
& Utilities - Solar
Loan after Purchase

Pensacola House -
LivinBetter365 /
TCO-flex Optimized
Financing & Solar,
Batteries and Backup

When you choose
the Custom TCO-
flex Financing
Strategy, it will
save you money
every month and
every year ... this is
an estimate of
where you'll stand
in 15 years

Would you like to save an estimated \$1218.48 per month when you purchase this new home?

Purchase Price = \$1,425,000

Loan Type = Conventional

Down Payment = 49.04%

Interest Rate 7.250%	Est. Monthly Payment \$4,953.83	Est. Electricity/Utility Bills \$600.00	Total Cost Of Ownership \$5,553.83		
Interest Rate 7.250%	Est. Monthly Payment \$4,953.83	Est. Electricity/Utility Bills \$75.00	Est. Solar Loan / 2nd Mtg \$521.44	Total Cost Of Ownership \$5,550.26	Monthly Savings vs. Code Built \$3.56
Interest Rate 5.750%	Est. Monthly Payment \$4,260.35	Est. Electricity Bills \$75.00	Est. Solar Loan / 2nd Mtg \$0.00	Total Cost Of Ownership \$4,335.35	Monthly Savings vs. Code Built \$1,218.48

And if You Choose a Solar Option, You May Qualify For a Tax Credit of ... \$21,321.43

Estimated Additional Equity You'll Have in Your Home \$569,526.55

Estimated Dollars You'll Have Saved using the LivinBetter365 Custom TCO-flex Financing Strategy \$277,505.54

And finally, Imagine your buyers/sellers having access to amazing financing that incorporates sustainable improvements.



At The Home Buck\$ Company,
we have developed a proprietary software
program that Helps Home-Owners Save Money!

BIG MONEY!

Scenario #1 - Renovated ranch in desirable Berkeley Lake. Hardwoods & LVT on the main level and the finished basement ... financial modeling assumes a 20% downpayment.

Scenario #2 - Renovated ranch in desirable Berkeley Lake. Hardwoods & LVT on the main level and the finished basement ... financial modeling assumes a TCO-Flex optimized mortgage, assuming a 17.5% downpayment.

Scenario 3 - Renovated ranch in Berkeley Lake. Hardwoods & LVT on the main level and the finished basement ... financial modeling assumes a TCO-Flex optimized mortgage, including a 10 kW solar system rolled into the deal ... assuming a 18.% downpayment.

**4185 S. Berkeley Lake Drive,
Berkeley Lake, Ga 30096**

Purchase Price = \$525,000

Loan Type = Conventional

Down Payment = 20.00%

Interest Rate

7.625%

Interest Rate

6.375%

Interest Rate

5.625%

Total Cost Of Ownership/Month #1

\$4,014.40

Total Cost Of Ownership/Month #1

\$3,743.80

Total Cost Of Ownership/Month #1

\$3,521.00

You Could Save ...

\$343,266

By selecting the lowest interest rate option shown to the left and applying the est. monthly savings to your mortgage balance each month, we estimate that you will reduce the time needed to payoff your 1st mortgage by 10 yrs 6 mos , saving \$343,266.

We call this strategy the "TCO-Flex Equity Accelerator"

Would you like to save an estimated \$493.40 per month when you purchase this new home? , check out the next page for details and lets get to work!!

It continues ...



HomeBucks
Listed Property
Dashboard

Renovated ranch only a short walk from the shores of crystal clear Berkeley Lake.

Renovated ranch only a short walk from the shores of crystal clear Berkeley Lake. TCO-flex optimized financing.

Renovated ranch only a short walk from the shores of crystal clear Berkeley Lake. TCO-flex optimized financing with

When you choose the TCO-flex Equity Accelerator strategy, you will unlock an opportunity to build equity faster and save money every month and every year... this is an estimate of where you'll stand in 15 years

All the numbers are shown below ... write down any questions and shoot me a text or give me a call ... This is powerful stuff!!

Interest Rate
7.625%

Est. Monthly Payment
\$3,722.73

Est. Electricity/Utility Bills
\$291.67

Total Cost Of Ownership/Month #1
\$4,014.40

Interest Rate
6.375%

Est. Monthly Payment
\$3,452.14

Est. Electricity/Utility Bills
\$291.67

Est. Solar Loan / 2nd Mtg
\$0.00

Total Cost Of Ownership/Month #1
\$3,743.80

Monthly Savings vs. Code Built
\$270.60

Interest Rate
5.625%

Est. Monthly Payment
\$3,474.34

Est. Electricity Bills
\$46.67

Est 2nd Mortgage/NRLOC Post
\$0.00

Total Cost Of Ownership/Month #1
\$3,521.00

Monthly Savings vs. Code Built
\$493.40

By choosing to include Solar In your deal, You may qualify for a Federal Tax Credit of ... \$12,942.86

Est. Additional Equity that you may have in Your home after owning it for 15 years **\$241,065**

Est. Dollars You'll have saved using the TCO-flex Financing strategy over the same period **\$710,198**

Metric	Value
Est. Additional Equity after 15 years	\$241,065
Est. Dollars saved using TCO-flex strategy	\$710,198

HomeBucks

Smarter Buying ... Better Living

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Financing Resilient and High-Performance Homes

Back to our questions

- Raise of hands ... Who believes that High Performance/Sustainable/Resilient homes cost more to buy? ... **in most cases Yes, the purchase price is higher. In most cases, all better built/engineered durable good cost more to purchase ... this impacts the cash buyer most**
- If they do have a bigger price tag (and usually a bigger mortgage), do they cost more to own? ... **Not in my world**
- If they have a bigger mortgage, are they harder to qualify for? ... **Nope, not here either**
- And finally, do buyers of High Performance/Sustainable/Resilient homes, get lower mortgage rates? ... **Yes, in my world, almost always**



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THANK YOU.



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