

NASEO Presentation

we make *home* value visible™



Cynthia Adams, CEO
Robin LeBaron, President

October

14,

2022



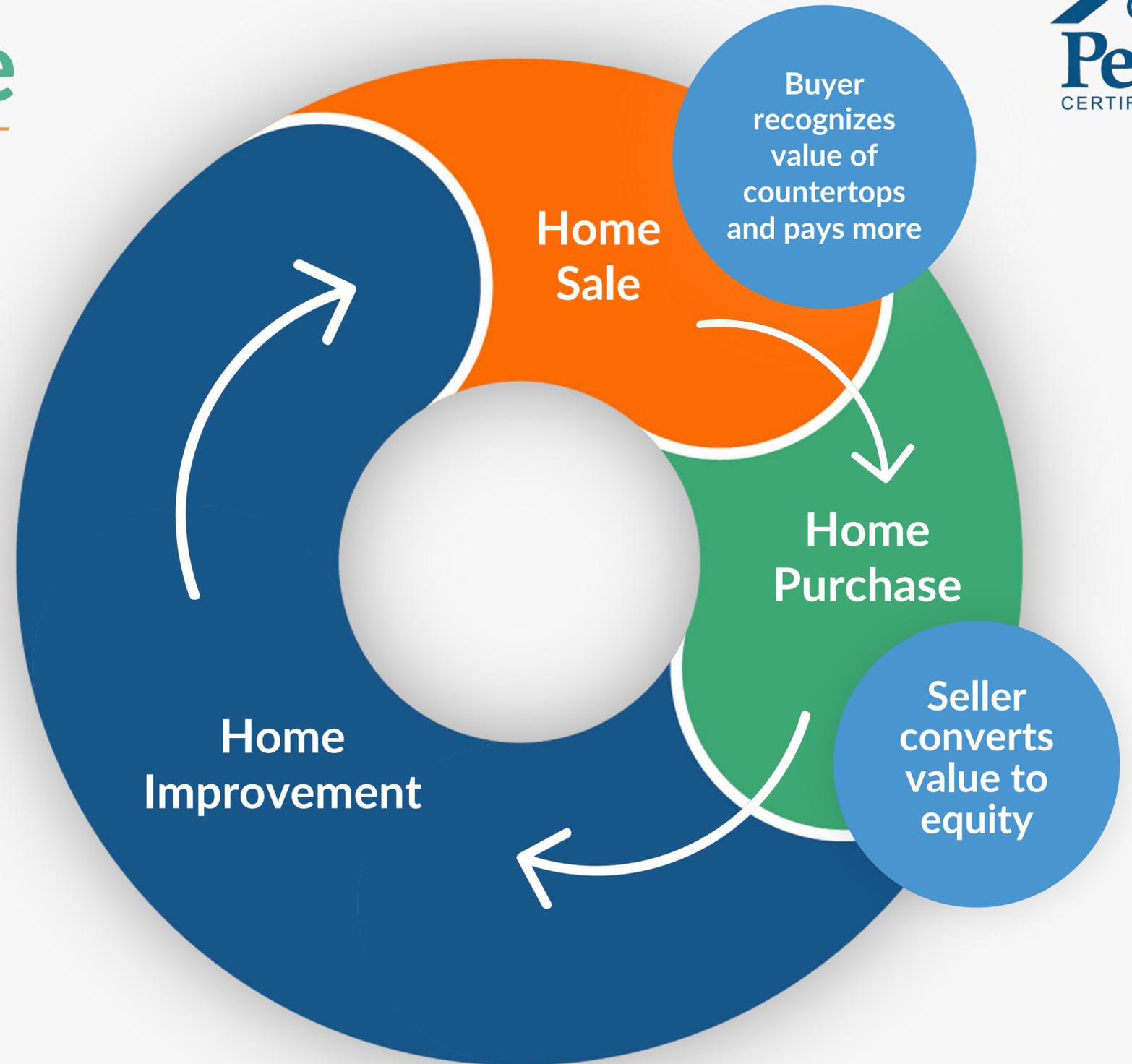


Pearl Certification was founded to drive residential energy efficiency and renewables at scale.

The Home Value Cycle



- ✓ Home **SELLER** captures the value of the investment in the sale price.
- ✓ Home **BUYER** “sees” high-performing features in Pearl’s Certification Report and marketing materials.
- ✓ **DEMAND** for High-performing homes incentivizes more improvements, creating a virtuous cycle.



The Goal



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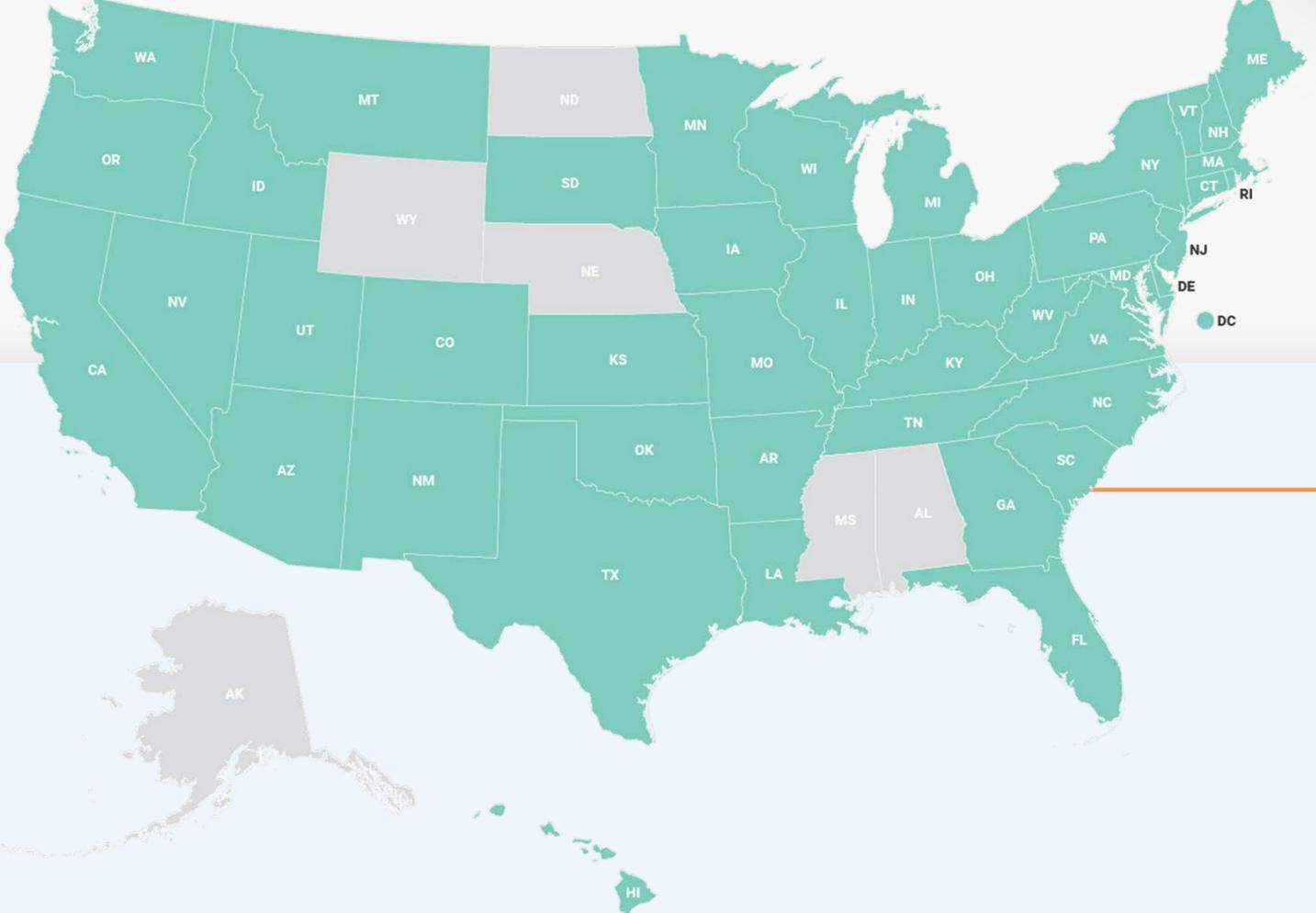


Where are we today?



44

102k+



Active states

Certified homes

National contractor, builder, and real estate agent networks

National Partners



Investor and Program Partner



Standards and Program Partner



Data and Program Partner



Licensing Agreement and Policy Partner



Data and Standards Partner



Data and Standards Partner



Program Partner

Manufacturer, Distributor, Trade, and Utility Partners



Manufacturer Partner



Manufacturer Partner



Distributor Partner



Raising Standards. Promoting Confidence.

Trade Partner



Trade Partner



Utility Partners

Public-Private Partners





About Our Certification

Pearl can certify a
single improvement,
or the whole house.

Either way,
we add value.

Homes with enough high-performing features
reach Pearl Silver, Gold, or Platinum.



SILVER
700 points

GOLD
825 points

PLATINUM
975 points

The Pearl Certification Report

Third-Party Credibility and Homeowner Engagement



Special Performance Features of This Home

Information below based on California data from the National Renewable Energy Lab.

Gas Furnace :
Top 1% of gas heated homes

Central Air Conditioner :
Top 1% of CA homes

This home's heating equipment is exceptional: not only is it very efficient, but it also has a verified Quality Installation to the highest industry standards. It will save the homeowner money during cold winter months while providing comfort.

This home's air conditioner is not only one of the most energy efficient available in the market but it also has a verified Quality Installation to the highest industry standards. It saves the homeowner money every summer, while providing comfort.

Filters :
Hospital-grade

Thermostat :
Smart home feature

The home's special air filter unit attracts and captures airborne particles and allergens, such as pollen, pet dander, and mold spores - promising healthier indoor air for residents. These filters are likely to be nearly as effective as true HEPA filters at controlling most airborne indoor particles.

This home's wi-fi thermostat lets the owners control their heating and cooling systems through an app remotely - as well as in person.

Explains home features in terms that interest and engage home buyers.

Co-branded with contractor logo.

HOME ASSET DETAILS		Heating and Cooling	
Heating System			
Type	Gas central furnace	Platinum Level:	244
AFUE	96	This Home:	248
Quality installation	Yes	Average Home:	151
Motor	Full ECM		
Maintenance Schedule	Maintenance Contract		
ENERGY STAR®	Yes		
Manufacturer	Lennox		
Model Number	EL196UH045XE36B*		

Pearl Home Certification Report



PARKER & SONS

Contractor
Parker and Sons

Homeowner
John Adams

Installation details.

Pearl Certification Engagement Guide

Congratulations on having your home's high-performing features certified! This Certification Package includes the documentation necessary to capture the value of those investments. To find out how you, your agent, and your appraiser can leverage Pearl's Certification Package, follow the guide below.

HOMEOWNERS

This Certification Report captures high-performing features known to Pearl to provide an accurate record for future appraisal. If your home has additional features not captured in this report (e.g., ENERGY STAR appliances), please visit your Green Door account to update your home and request an updated Certification Package.

Important: scan or click the QR code to learn the correct process for using your Certification Package when selling or refinancing your home.

REAL ESTATE PROS

Pearl Certification is a game changer for home value as it helps to maximize a home's marketability in order to get top dollar at the time of sale.

Ask your real estate agent to scan or click the QR code so they can use your customized marketing resources when listing your high-performing home. Studies show that homes marketed correctly with Pearl sell faster and for more money.

CONTRACTORS

Pearl contractors represent the top 5% of firms nationwide.

They are vetted by Pearl for quality service and trained on how to properly document a home's high-performing features to increase its market value. For more information on the Pearl contractor network, scan or click the QR code.

APPRAISERS

This Pearl Certification Package provides the investment grade documentation necessary to accurately value the high-performing features of this home.

Ask your appraiser to scan or click the QR code, so they can accurately take your home's features into consideration when forming their opinion of value. This information will be included in the Form 1004 Improvements section in the Additional Features field.

Engagement Guide for homeowners, real estate agents, and appraisers.

Appraisal Addendum

Included with each certification for refinance or resale.

Published guidance from
Fannie Mae:

"Special energy-saving items must be recognized in the appraisal process and noted on the appraisal report form. For example, when completing the appraisal report (Form 1004), special energy-efficient items are to be addressed in the Improvements section in the Additional features field."

EFFICIENCY FEATURES (Water, Energy, and Environmental. See types defined in glossary).	
The following items are considered within the appraisal analysis of the subject property:	
Insulation	<input type="checkbox"/> Fiberglass Blown-In <input type="checkbox"/> Foam Insulation <input type="checkbox"/> Cellulose <input type="checkbox"/> Fiberglass Batt Insulation <input type="checkbox"/> R-Value Wall Ceiling <input type="checkbox"/> Other
Building Envelope	Envelope Tightness: Unit: <input type="checkbox"/> CFM25 <input type="checkbox"/> CFM50 <input type="checkbox"/> ACH50 <input type="checkbox"/> ACH natural Instructions: Insert the rating as a number that could be 0.5 to 7ACH50 or higher. The lower the number, the more air tight the envelope. Building Codes for area show maximum Envelope Tightness allowed based on the climate zone. Not all areas have adopted a building code. http://bcap-energy.org/
Windows	<input type="checkbox"/> ENERGY STAR® <input type="checkbox"/> Low E <input type="checkbox"/> High Impact <input type="checkbox"/> Storm <input type="checkbox"/> Double Pane <input type="checkbox"/> Triple Pane <input type="checkbox"/> Tinted <input type="checkbox"/> Solar Shades
Day Lighting	<input type="checkbox"/> # of Skylights: <input type="checkbox"/> # of Solar Tubes: <input type="checkbox"/> Other (Describe): % of lighting LEDs:
ENERGY STAR® Appliances	ENERGY STAR®: <input type="checkbox"/> Dishwasher <input type="checkbox"/> Refrigerator <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other Energy Source: <input type="checkbox"/> Propane <input type="checkbox"/> Electric <input type="checkbox"/> Natural Gas <input type="checkbox"/> Other (Describe): Note: ENERGY STAR® appliances do not result in an ENERGY STAR® Home.
Water Heater	<input type="checkbox"/> ENERGY STAR® <input type="checkbox"/> Size: gallons <input type="checkbox"/> Tankless <input type="checkbox"/> Solar (next page) <input type="checkbox"/> Heat Pump <input type="checkbox"/> Coil
HVAC & Related Equipment Describe in comments area.	<input checked="" type="checkbox"/> High Efficiency HVAC SEER 26.0 Efficiency Rating % AFUE* 96.0% *Annual Fuel-Utilization Efficiency <input checked="" type="checkbox"/> Heat Pump Efficiency Rating: COP: HSPF: SEER: EER: Thermostat/Controllers? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Programmable Thermostat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Auxiliary Heat Source? <input type="checkbox"/> Yes <input type="checkbox"/> No Radiant Floor Heat? <input type="checkbox"/> Yes <input type="checkbox"/> No Geothermal? <input type="checkbox"/> Yes <input type="checkbox"/> No Electric Vehicle Ready? (car charger) <input type="checkbox"/> Yes <input type="checkbox"/> No
Indoor Environmental Quality	<input checked="" type="checkbox"/> Energy (ERV) or Heat Recovery Ventilator (ERV) <input type="checkbox"/> Other Measured Whole-House Ventilation <input type="checkbox"/> Humidity Monitoring Device installed
Water Efficiency	<input type="checkbox"/> Reclaimed Water System (Describe): <input type="checkbox"/> Greywater reuse system <input type="checkbox"/> Water Saving Fixtures
Utility Costs	Annual Utility Cost: \$ /year, based on: to (full) Includes (check all that apply): <input type="checkbox"/> Electric <input type="checkbox"/>
Comments Include source for information provided in this section.	The following property has a number of high-efficiency features as defined in the Pearl Certification Report. With the cooperation and approval of the Appraisal Institute, Pearl Certification has an AI REPORTS® License Agreement. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product provided by the individual appraiser(s) or any other individual in the specific contents of the AI Reports®

HVAC & Related Equipment Describe in comments area.	<input type="checkbox"/> High Efficiency HVAC SEER Efficiency Rating % AFUE* % *Annual Fuel-Utilization Efficiency	<input checked="" type="checkbox"/> Heat Pump Efficiency Rating: COP: HSPF: 9.5 SEER: 19.0 EER:	Thermostat/Controllers? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Programmable Thermostat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Auxiliary Heat Source? <input type="checkbox"/> Yes <input type="checkbox"/> No Radiant Floor Heat? <input type="checkbox"/> Yes <input type="checkbox"/> No Geothermal? <input type="checkbox"/> Yes <input type="checkbox"/> No Electric Vehicle Ready? (car charger) <input type="checkbox"/> Yes <input type="checkbox"/> No
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High-Performing Homes Sell for More.

An Independent Study Confirmed:

5.5% Home value
Increase*

\$20K average increase
based on median home price

PEARL CERTIFICATION'S

Home Sale Price Premiums

Valuing High-Performing Homes:

*The Impact of Pearl Certification on Home Sales Prices in
Boston, MA; Grand Rapids, MI; Charlottesville, VA; and
Phoenix, AZ*

JULY 2022

4-State White Paper

Woody Fincham

SRA, AI-RRS, RAA,
ASA, Member of RAC



Certification System Enhancements

Energy performance data (fall 2022)

Shows the home's energy consumption and savings from the upgrade  Snugg

All-Electrification Badge (2023-Q1)

Certifies homes that are all-electric

Resilience Certification (2023-Q2)

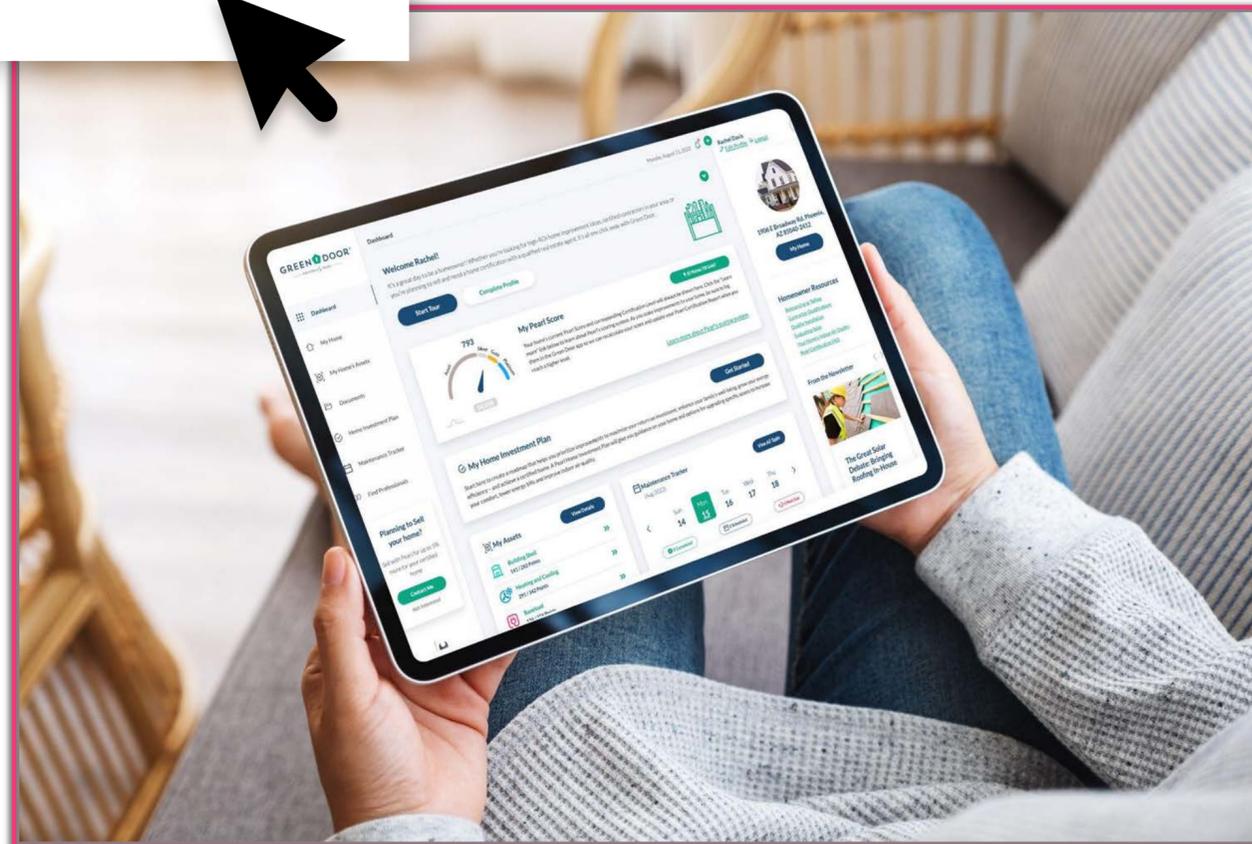
Shows home's resilience to weather-related stresses: wind, floods, fire, etc.





Homeowner Engagement

Pearl's Homeowner Portal: Green Door



-  Ongoing homeowner engagement to keep home's performance top of mind.
-  Home investment plans drive improvements over time.
-  Homeowner marketplace enables homeowners to find manufacturer products and rebates.
-  Contractor and RE search features connect homeowners with trained professionals.

Green Door <> Build.com: New Features and Integration



GREEN DOOR
POWERED BY PEARL

- Dashboard
- My Home
- My Home's Assets
- Documents
- Home Investment Plan**
- Maintenance Tracker
- Find Professionals

Planning to Sell your home?

Sell with Pearl for up to 5% more for your certified home

Pearl Score

Silver

[Learn more about Pearl's scoring system](#)

My Recommendations

✓ **Mark Complete** Consider air sealing your home High Max +40 pts

✓ **Mark Complete** Consider improving your attic insulation High Max +10 pts

✓ **Mark Complete** Upgrade to an induction cooktop for a safer and more precise experience Medium

[View all](#)

My Plans

The High-Performing Home Plan

Maximize your home's potential for energy efficiency, comfort, health, and value with customized high-impact recommendations.

The Ferguson Healthy Kitchen Plan

Enjoy a healthier, more efficient kitchen with recommended upgrades from Pearl and high-quality, certifiable appliances and fixtures from

The Ferguson Sustainable Bath Plan

Upgrade your bath and save on bills, without sacrificing performance or luxury. Get recommendations from Pearl and shop beautiful,

[View all](#)

[Dashboard](#) > [Home Investment Plan](#) > Recommendations > Cooking Appliance



Medium

Upgrade to an induction cooktop for a safer and more precise experience

The U.S. Department of Energy estimates that cooking alone accounts for 4% to 5% of total home energy use. If you are updating or designing a kitchen, Pearl recommends an induction cooktop. Induction cooktops are faster, safer, and more energy efficient compared...

[More Info](#)

✓ **Mark Complete**



Pearl's Market Ecosystem



We build ecosystems
to support
home certification and
accurate valuation

All stakeholder have a
market motivation



Homeowners



Contractors
and Builders



Manufacturers
and Distributors



Public Sector
and Non-Profits



Real Estate Agents
and Appraisers

High-quality contractor network

- Network of high-quality HVAC, insulation, solar, and home performance contractors
- Contractors install either single high-performing measures or whole-home improvements
- Contractors meet Pearl's high-bar QA requirements



Pearl is truly a high-performance team. Since using Pearl's services, our average sales and close rates have gone up.



– **George Clark,**
Vice President

A certification the Real Estate sector values

1. Create a network of trained and motivated real estate agents to sell high-performing homes.
2. Create a network of qualified appraisers who understand how to use certification reports in the opinion of value.
3. (In progress) Lender education so energy savings are underwritten and qualified appraisers are requested.

Pearl Certification doesn't just benefit the seller by way of a quicker sale for more money. Pearl helps tip the scale on which home a buyer chooses because energy-efficiency is a huge factor for buyers.



Stephanie Bellanova

Broker Associate | Office Supervisor-Bordentown | Partner
ERA Central Realty Group



Market Transformation in Practice: Missouri



Rebates

- New statewide PAYS program
- Ferguson Rebates
- *Utility rebates*



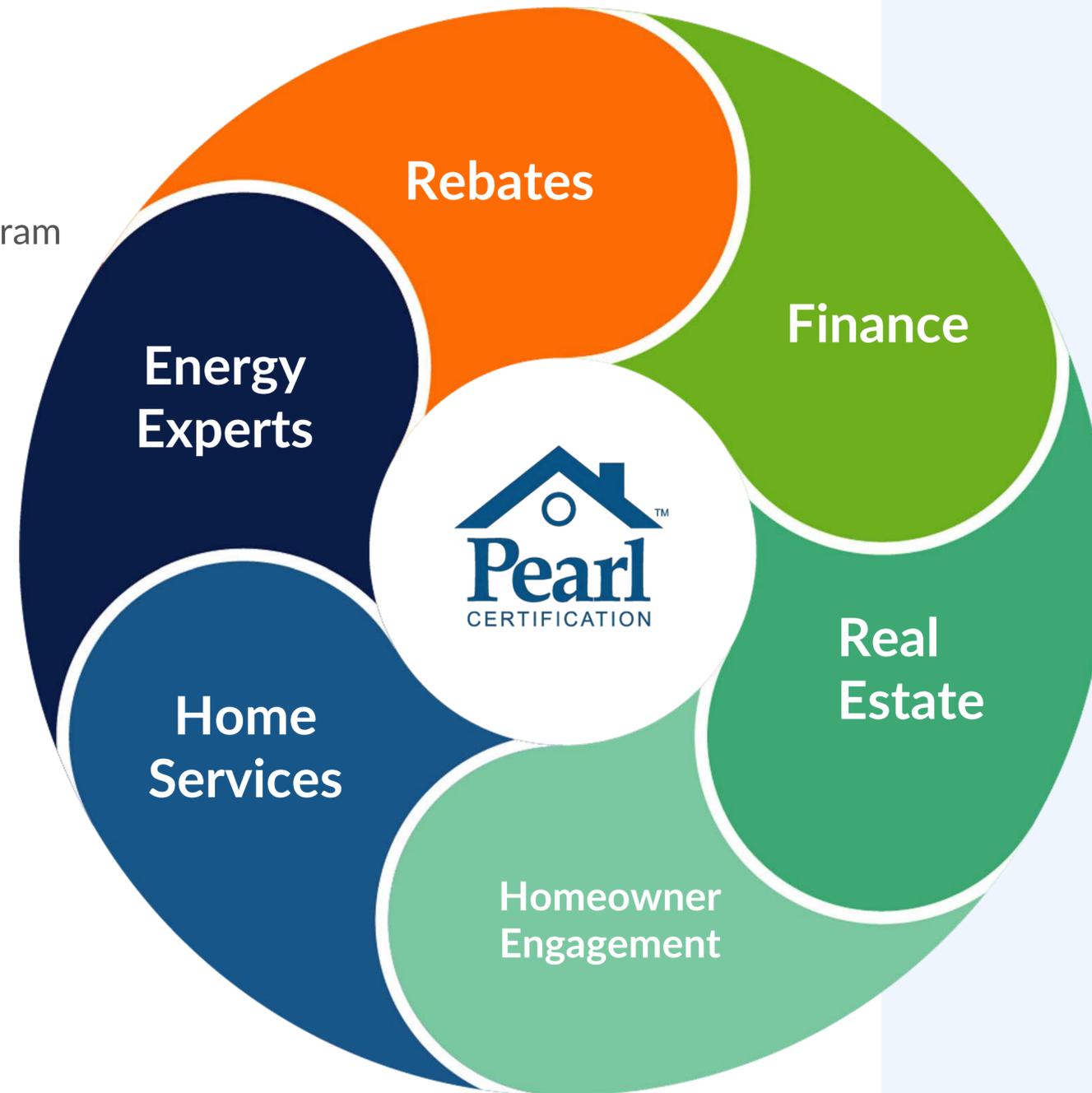
Energy Experts

- Energy Experts



Home Services

- Contractor network
- New Build Network



Finance

- *Subsidized unsecured loans*
- *Energy improvement mortgage*



Real Estate

- Real Estate trainings with MEEA and Elevate
- Appraiser trainings through the Appraisal Institute
- *MLS engagement*



Homeowner Engagement

- Consumer marketing in partnership with state partners
- Official "State Certificate" for Silver and Gold homes

The background of the slide is an aerial photograph of a dense evergreen forest. The trees are a mix of dark green and lighter, yellowish-green, suggesting different species or lighting conditions. A solid blue horizontal banner is positioned at the top of the image, containing the main title in white, bold, uppercase letters.

THE GOAL: EVERGREEN PROGRAMS

Knowledge that energy efficiency and renewables
create home value...

results in robust, ongoing demand for
high-performing homes



**Creating / preserving value
in communities of color**

Public programs create value



- Utility rebates
- Weatherization program
- Finance programs

...But the **value is lost** at time of sale

Homes in communities of color
are even more undervalued

\$156
BILLION
in lost equity

May sell for \$10,000s,
even \$100,000s less



Project starts with a partnership

Based on partnership with Chicago-based non-profit Elevate

- Runs Value for High-Performing Homes program, managed by Pamela Brookstein
- Educates real estate education on the value of HP homes across the country
- Pamela serves as sustainability instructor for the Chicago Association of Realtors through VHPH program
- Educated 350 Illinois real estate agents over last three years



We design and implement programs that reduce costs, protect people and the environment, and ensure the benefits of clean and efficient energy use reach those who need them most.

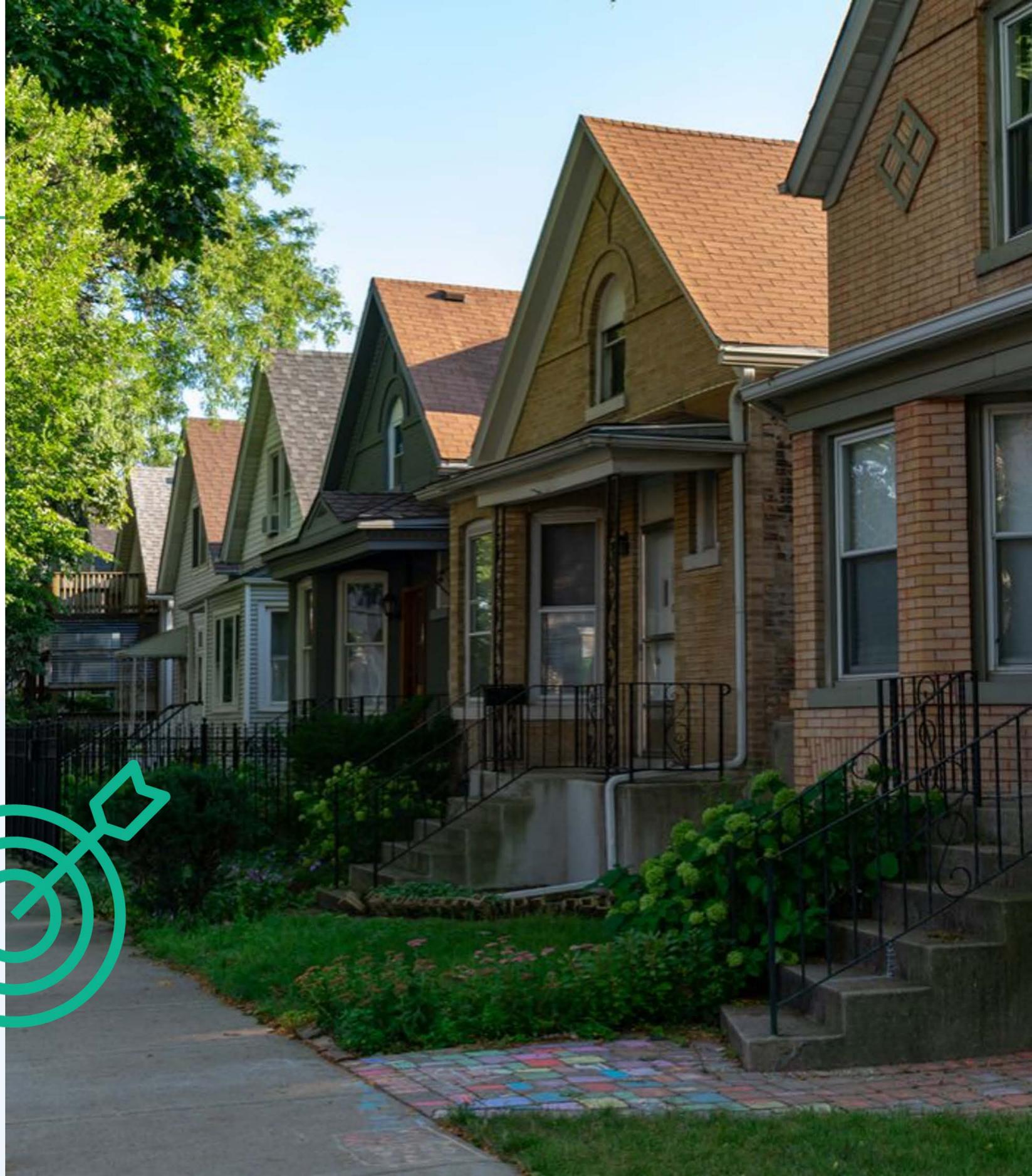
Chicago Pilot

Elevate and Pearl partnership

- Offer Pearl Certification
- Chicago bungalow belt homeowners
- Homes improved through Elevate energy efficiency program
- Focus on communities of color

Homeowners asked to contact Elevate if they were interested in:

- A certification
- Advice about further improvements
- Advice selling the home



Very enthusiastic homeowner response



14% response rate

Respondents interested in:

- Improvements
- Rebates
- Positioning home for sale or refinance

A lot just want the certification

Challenges...

Pearl support team follow-up

Homeowners wanted connections to real estate agents

Homeowners doing refinances struggled to get their lenders to engage



Real Estate Support

Recruited African-American-owned brokerage / recruiting agents of color



Criteria: brokers / agents who are based in and understand the community

Elevate and Pearl



connect homeowners who want a qualified agent with broker or agent of their choice

What's in it for the agents?



Supporting real estate business model:

- High-performing home expertise is a differentiator
- Marketing package enables agent to showcase the home *easily*
- Program effectively generates leads for agents

Good agents care about their communities

- Addresses the fair valuation issue
- Builds local wealth / equity
- Keeps business in the community



Next Steps: Appraisers and Lenders

Find appraisers who:

- Understand high-performing homes
- Don't make assumptions about communities of color

Find lenders who:

- Will engage appraisers trained in valuing high-performing homes
- Offer fairly-priced products



Goal

Efficiency and renewables are a way to start a larger conversation about fair valuation





Solutions

Ways we could work together

Solve the HOMES certification requirement

Support high-quality contractor network

Engage the real estate sector

Provide new tools for ongoing homeowner engagement

Collaborate on fair equity issues

Create evergreen market dynamics in your state





Contact information

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