
STEP 1: Gather the information a lender or appraiser will need to analyze your property.

The extent of information you (the owner) provide could likely exceed the information requested. So what information should you gather and provide to a lender or appraiser when completing a loan application or at the beginning of the due diligence process, respectively? Consider the following checklist of resources and information that could be provided to a lender, appraiser, or investor to guide their decision-making processes:

- Building plans and construction specifications
- Energy models and commissioning reports
- ENERGY STAR® Score, as verified through a Statement of Energy Performance (SEP)
- [Commercial Building Asset Score](#)
- Documentation associated with a green certification (for example, the LEED checklist)
- Intended goals of building development or green strategies
- Other documentation relating to energy, environmental, or other high performance equipment and building features that may be included in the report's Description of Improvements

If you are completing a loan application, be sure to mention that your property contains energy efficient or other green features and request that the information be considered along with other aspects of your loan application. Specifically, you should direct the lender to develop a Request for Proposals (RFP) which lists the following as critical components of the appraisal report:

- An enhanced list of energy efficient or high performance equipment and building features
- Detailed information regarding the subject property's Green Certification(s), including evaluation of significant achievements or focal areas
- A list of comparable Green Certified properties, and discussion of their relevance or similarity to the subject property

You should also complete and provide relevant portions of the [Appraisal Institute's Commercial Green and Energy-Efficient Addendum](#) and submit it with other loan documentation. This will ensure that the lender has the information that an appraiser would need to effectively appraise your property.

STEP 2: Provide contact information for development or retrofit professionals involved with the property.

Provide the lender or appraiser with contact details and an explanation of roles for vendors, service providers, and other professionals involved in high performance or energy efficient property improvements, modeling, or analysis. This facilitates communication and ease of verification about issues, systems, energy modeling or other factors which may be required by the lender and/or appraiser.

Example: Jane Smith, Smith Engineering, 555-555-5555, janesmithemail@smithengineering.com. Completed iterative energy model for 2013 deep retrofit project which included upgrades to boiler plant, cooling towers, and interior lighting.

STEP 3: Ask questions at the time of your loan application.

The appraiser is ultimately selected by the lender, but owners can certainly query lenders about their appraisal panels to help ensure selection of the most competent appraiser for the property.

Questions for lenders:

- Do you have appraisers on your panel who are competent to complete valuations on energy efficient, high performing, green buildings?

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- If yes:
 - Has the appraiser earned any relevant professional designations? Which ones?
 - Can you describe their level of experience with high performance buildings and provide examples of relevant work?
 - How many of these types of properties have they valued?
 - In what property sectors, and which geographical markets?
 - Have the appraisers completed specific training or professional development programs in energy efficiency and incorporating energy factors into appraisals? Potential courses include:
 - *Energy Matters!* – U.S. Department of Energy (DOE)
 - [*Introduction to Green Buildings: Principles & Concepts*](#) – Appraisal Institute (AI)
 - [*Case Studies in Appraising Green Commercial Buildings*](#) – AI
 - [*Residential and Commercial Valuation of Solar*](#) – AI
 - Will you ensure that the appraisal scope of services includes information related to the analysis of high performing building attributes, including analysis of the energy performance and green building certification or rating status of comparable properties?
 - If no:
 - How will you ensure my property is valued competently and accurately?
 - How many loans has your bank completed on high performance properties?
 - Does your loan underwriter or reviewer have sufficient knowledge of this subject matter to identify a credible appraisal?
 - If you cannot ensure a competent valuation, can you recommend another lender?

Questions for appraisers:

- Have you ever completed a valuation on an energy efficient, high performing/green building?
- If yes:
 - How many, when and where?
 - What property types?
 - Will you analyze energy performance and green building certification or rating status of properties identified as comparables for this report?
 - Can you provide client references?
- If no:
 - What steps will you take to ensure you provide a competent, credibly supported valuation?
 - Will this require additional time and/or fee?
 - If yes, how much?

STEP 4: Review the completed appraisal closely – and objectively.

Reviewing the appraisal report carefully will help ensure that the report has been completed in accordance with your expectations for the property.

- Confirm that the information related to the high performance, energy efficient elements of your property was considered. Review the Description of Improvements in the report to confirm that any/all of the building's energy efficient and/or high performance characteristics are noted and discussed in detail. Note that these factors *may or may not* impact the Market Value.
- Did the appraiser include and analyze the energy performance and green building certifications or ratings of comparable properties?
- Did the appraiser address these factors and explain why (or why not) they had an impact on value?
- *If you are familiar with the market for your particular property type, do you consider the sales selected for comparison to be comparable to your property?*
- Other points for Owner review

If you believe the appraisal did not accurately reflect the characteristics or value of your property, you may need to proceed to Step 5.

STEP 5: Ask follow-up questions regarding the appraisal report.

Ask questions about any of the opinions and conclusions expressed in the appraisal that you believe did not accurately reflect the characteristics of your property or the estimate of value reported.

How to proceed:

- Articulate in writing the issues or omissions you wish to discuss with the lender
 - Be sure the reasons for your disagreement are valid and be prepared to support them
 - If there are sales or other information you believe would have made a difference in the opinions and conclusions presented in the appraisal but were not included in the report, provide that data to the lending institution
- Request explanations from the lending institution in writing
- Many lenders now have a formal appraisal rebuttal process. If your lender has one, ask to receive the form and complete it in detail as soon as possible. Using this process requires the lender to track all responses.