



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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April 23, 2009

Dear Representative:

On behalf of the 1.2 million members of the National Association of REALTORS®, I thank the Energy and Commerce Committee for holding its hearing on the “American Clean Energy and Security Act of 2009.” NAR policy is committed to efforts to advance consumer understanding of the need for energy efficiency and reduce energy use. For that reason, we have developed extensive member training and education programs including Green certification for real estate professionals. We are concerned, however, with (1) the bill’s provisions to create a system of energy labels for homes and buildings and (2) the suggested triggers for state implementation of a labeling program. NAR’s members believe that these provisions will impose burdens on consumers and an already troubled housing market – without improving the energy efficiency of our nation’s building stock in a timely manner.

Labeling every home in America will not improve building efficiency. The label will stigmatize older properties and further reduce property values in many areas around the country. At a time when retirement savings and property values have plummeted, many families and commercial property owners do not have the financial resources or equity to make needed energy-related improvements such as replacing aging heating and cooling systems, appliances or windows. Adding to the cost of homeownership will complicate the economic concerns that homeowners are already facing.

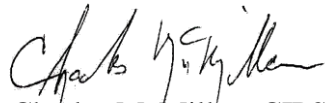
We are especially concerned with provisions that suggest label disclosure requirements around the time of sale. While the bill suggests that labels could be made available at several points, it nevertheless states that the information must be “more fully factored into market transactions.” As a practical matter, states will read this as a requirement to receive federal funding. Labeling and disclosure will be implemented at the time of sale -- one of the “optional” trigger points in

the bill. Our members' experiences with sales transactions indicate that labels will become a bargaining chip at closing to negotiate down selling prices and transfer wealth to buyers -- without any assurance that energy-related improvements are made. In addition, with less than a very small percentage of homes changing hands each year even in a robust market, such an approach will prove ineffective at meeting the stated goals of the legislation in a timely manner.

Before prescribing new requirements for branding homes and buildings with labels, consumers require a better understanding of energy efficiency and, just as importantly, must be given the financial resources and incentives to make needed energy improvements. NAR strongly supports the bill's provisions that will provide the financial incentives needed by consumers to improve homes and buildings and result in significant energy savings in the very near term. But labels will not achieve either goal.

We appreciate the opportunity to share the views of our Realtor<sup>®</sup> members and look forward to continuing to work with the Committee on this important piece of legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles McMillan". The signature is written in a cursive, flowing style.

Charles McMillan, CIPS, GRI

2009 President

National Association of REALTORS<sup>®</sup>