

Meritage Homes



Sustainable Sustainability

- **Creating Value to Consumers**
- **Creating Value to Utilities**
- **Creating value to the US**
- **Extracting Value**
 - Builders
 - Buyers
 - Banks
 - Utilities
 - Economy

Establishing Meritage as a Leader in Energy-Efficient Homebuilding

2009

- Committed to take the lead in sustainable building practices by implementing a strong, unified sustainability platform across all divisions
- Established a new vice president of environmental affairs position to lead our sustainability platform

2010

- Exceeded ENERGY STAR® requirements on all new homes built
- Began advocating for sustainability regulations in the homebuilding industry
- Started providing 'Learning Centers' at community model home complexes to educate prospective homeowners about the benefits of sustainable living

2011

- First builder to reduce energy and water use by 50% as a standard feature of our home designs
- First builder to have a national renewable energy program that cost effectively achieves Net Zero energy consumption

2012

- National Association of Home Builders' National Green Building Awards Project of the Year for Single Family Production
- Began triple certifying homes to EPA ENERGY STAR®, WaterSense®, and Indoor airPLUS

Award-Winner at National and Local Levels

- National Best by Authoritative Source
 - **2013 U.S. EPA Energy Star Sustained Excellence Award**
 - **201 & 2011 U.S. EPA Energy Star Partner of the Year**
 - **2012 Project of the Year – Single Family Production, NAHB's National Green Building Award**
 - **2011 Energy Value Housing Award (EVHA), NAHB**
 - **2011 Peoples' Choice Award, NAHB Research Center**
- Meritage Best Standard - Proofs
 - **1st NET ZERO Production Builder**
 - **1st Full EPA Triple-Certified Home: Energy Star, Indoor airPLUS, and WaterSense**
 - **1st 100% Energy Star Production Builder**
 - **1st HERS<40 Community Builder**
 - **DOE Building America Partner**
- National Best by Media
 - **2011 Builder of the Year, Builder and Developer Magazine**
 - **2010 Community of the Year, Green Home Builder Magazine**
 - **2012 CEO of the Year, Hanley Wood**
- Local Best
 - **2011 Crescordia Award ("To Grow in Harmony"), Valley Forward**
 - **2011 Best Green Building Program, McSAM People's Choice Awards**
 - **2011 MAME "Best Energy Efficiency", North State BIA**
 - **2012 MAME Green Builder of the Year, BIA Bay Area**
 - **2011 Green Pioneer, Phoenix Business Journal**



What are our jobs?

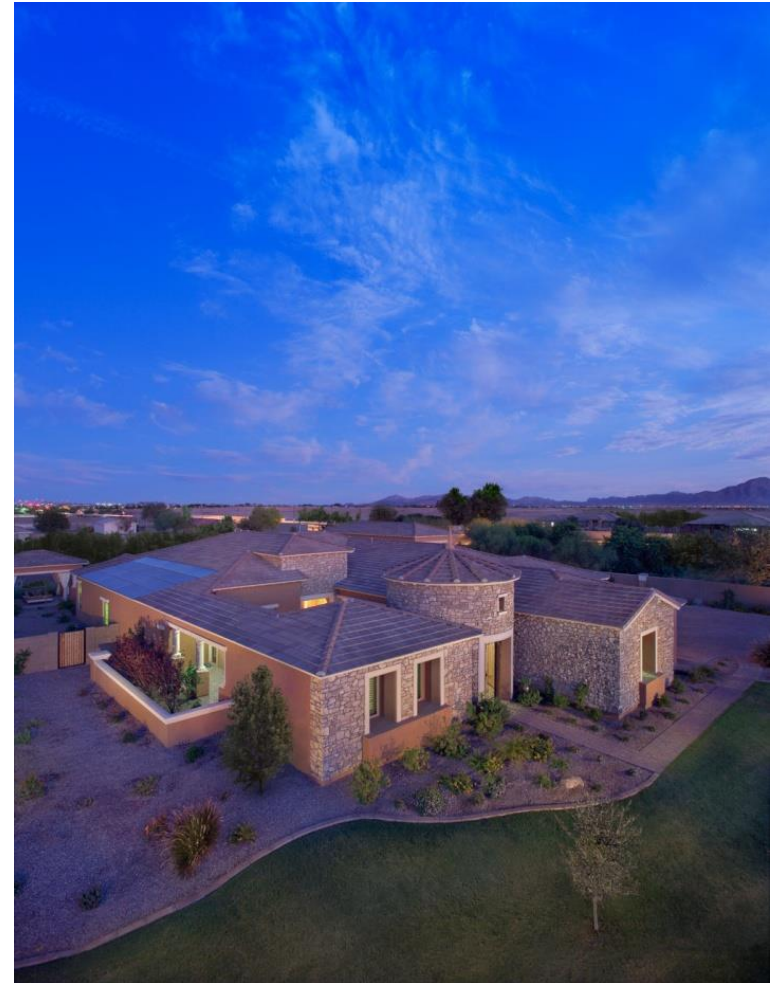


How do typical customers buy a home?



Customer Priorities

- **Location**
- **Floor Plan**
- **Price**
- **?**



GET MORE



BE HEALTHY



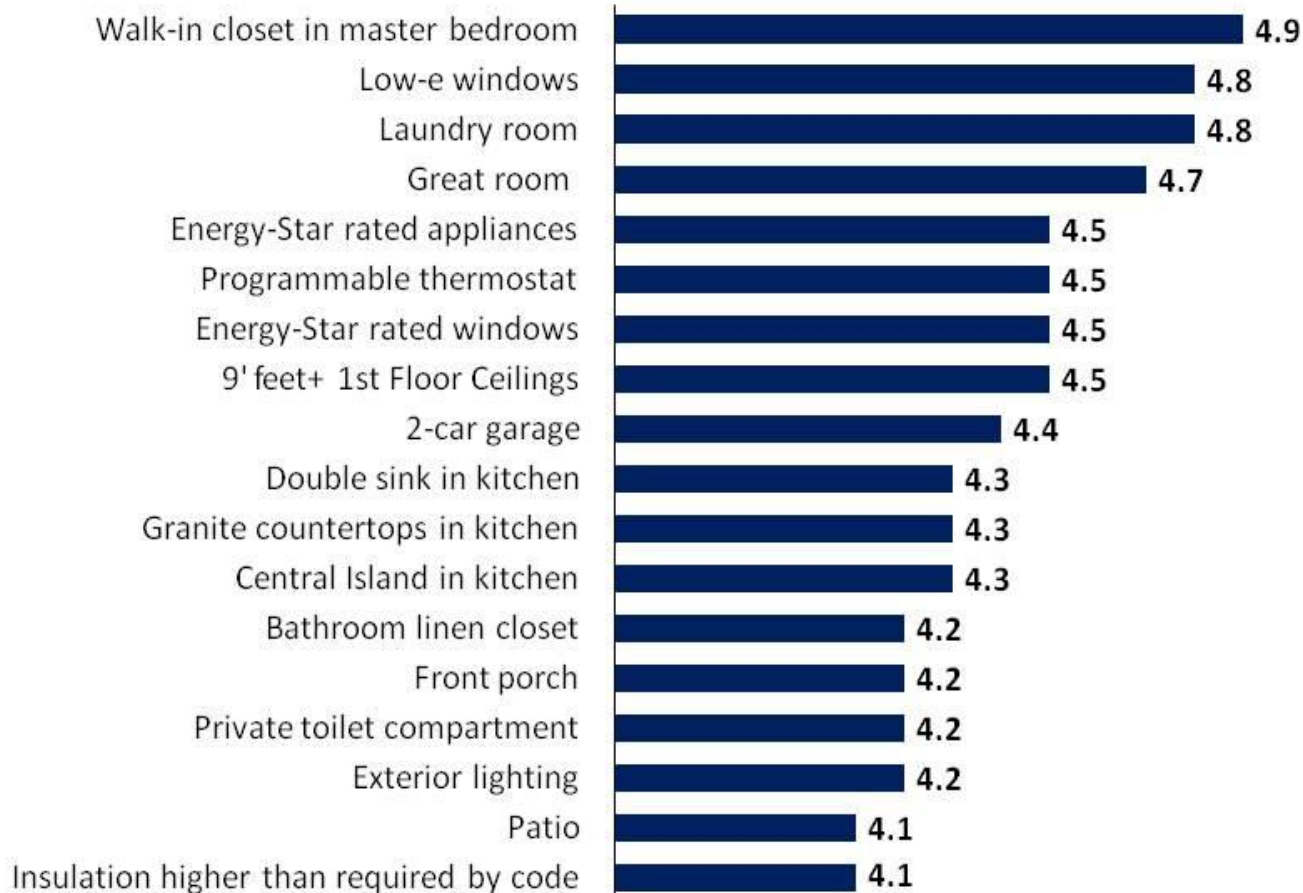
LIVE BETTER



Progressing along the scale

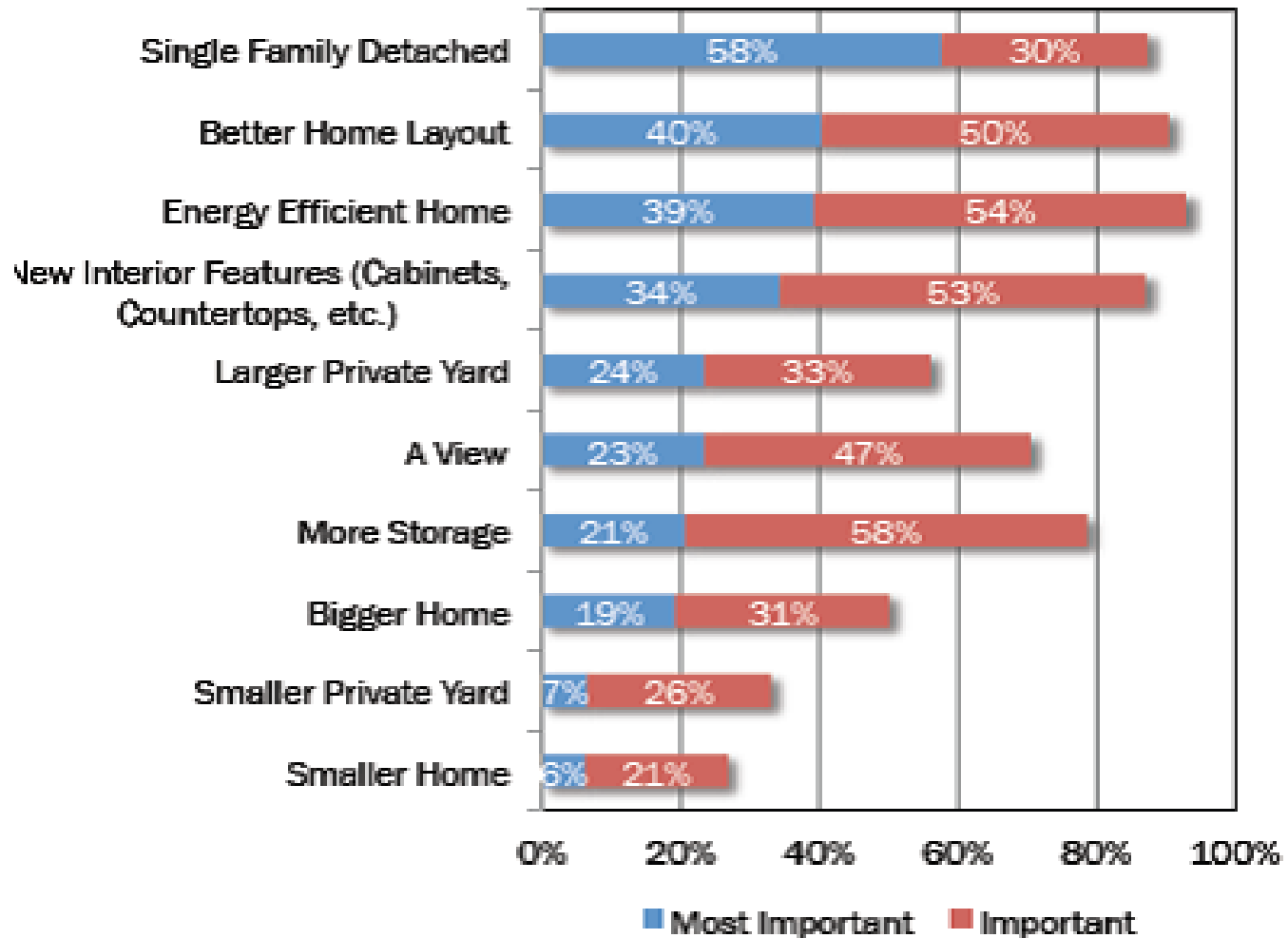
MOST LIKELY Features in Typical Single-family Home in 2014

(1=Not at all likely, 5=very likely; avg. rating)



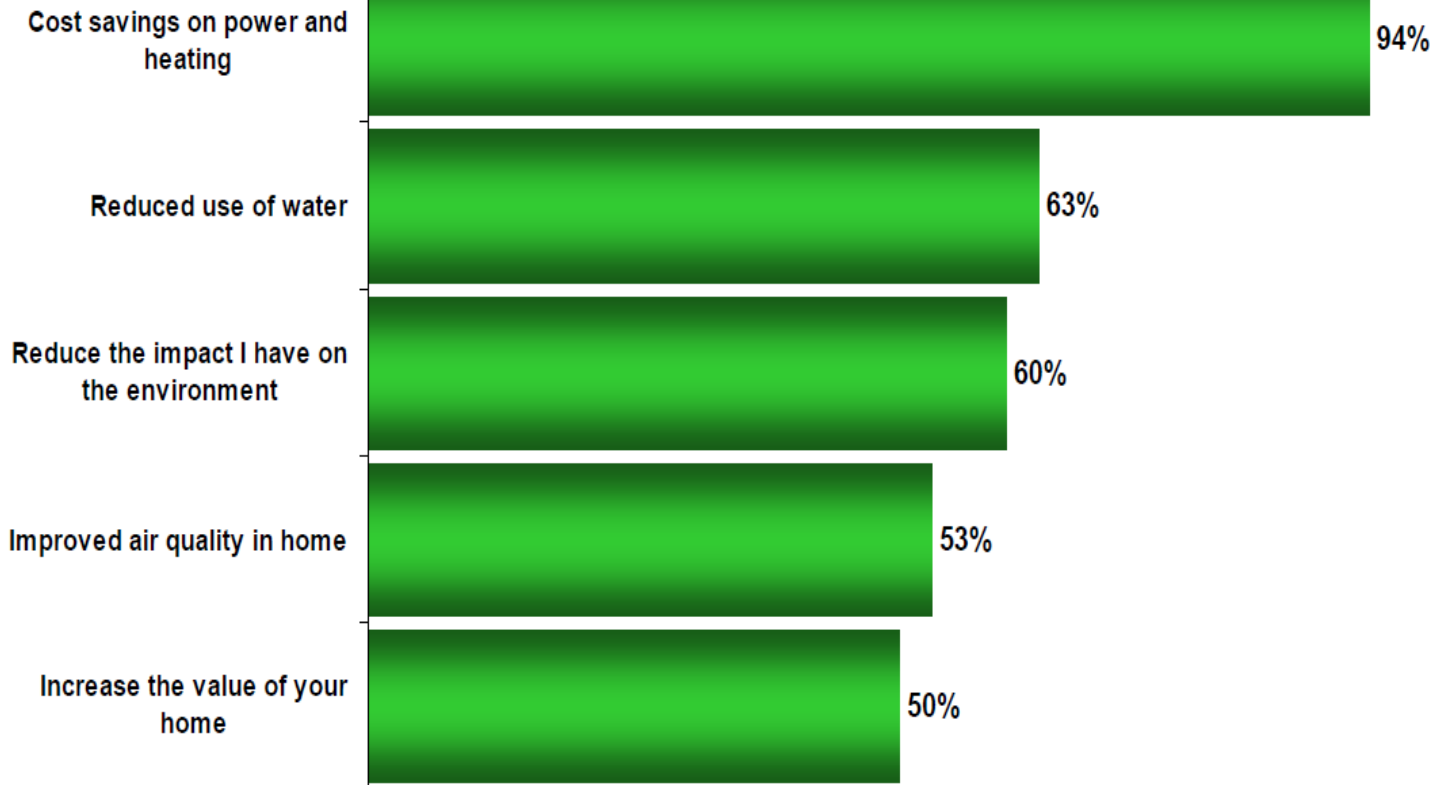
Consumer Choice drives change

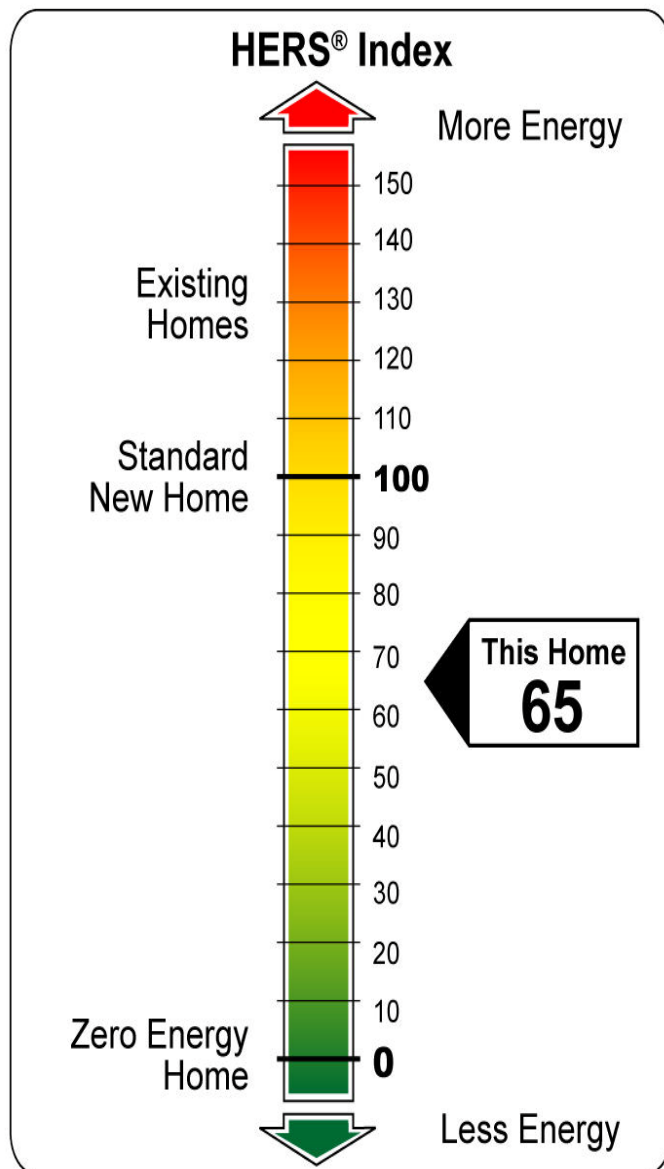
Rate the importance of the following
when purchasing your next home:



Consumer Focus

TOP 5 REASONS TO BUY GREEN HOME / MAKE GREEN IMPROVEMENTS TO HOME





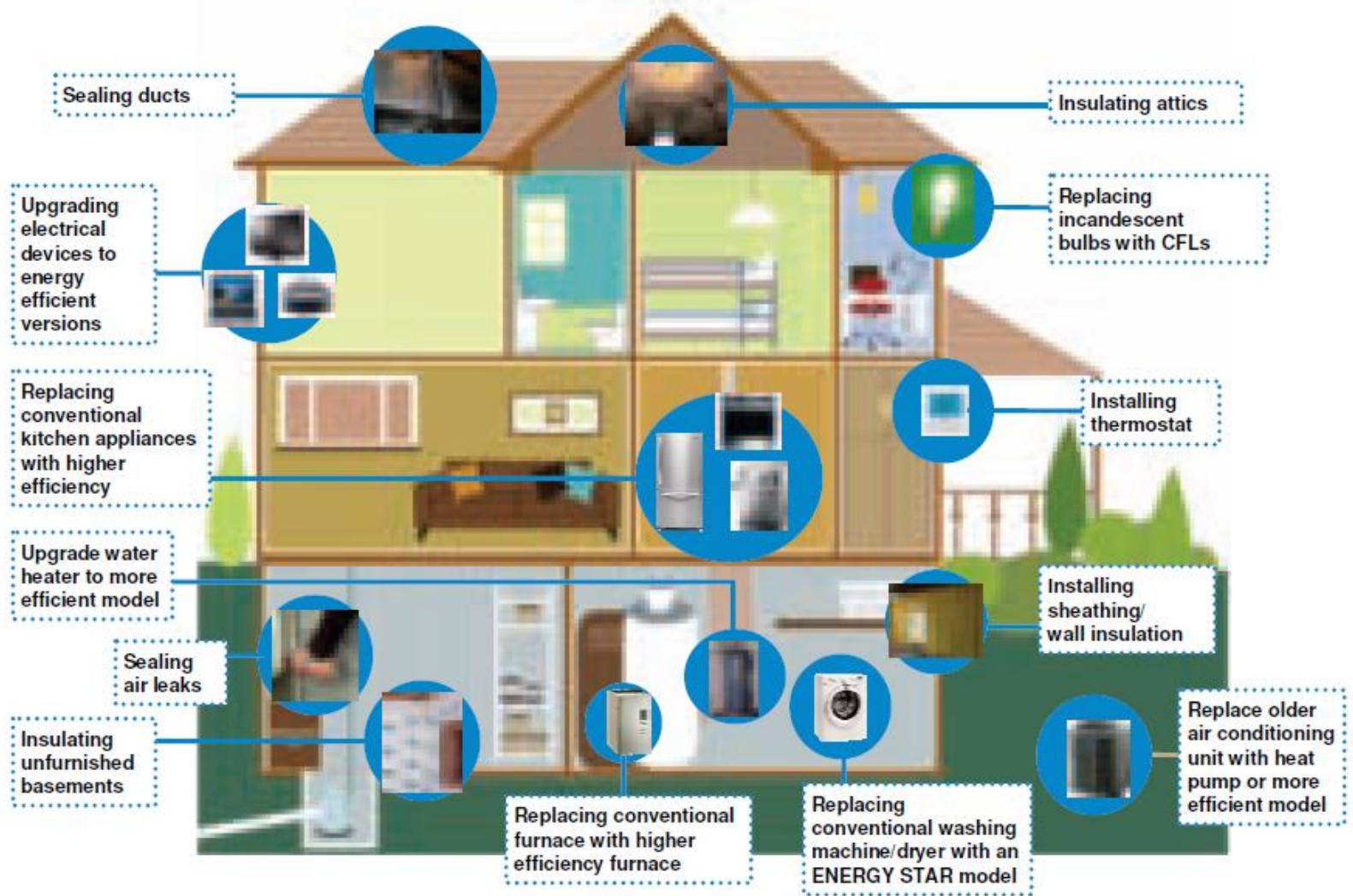
A home with a HERS Index of 65 is 50% more energy efficient than the average home in the US and 35% more energy efficient than the HERS Reference Home.

WHAT IS POSSIBLE?

Physics, Behavior, and New technology

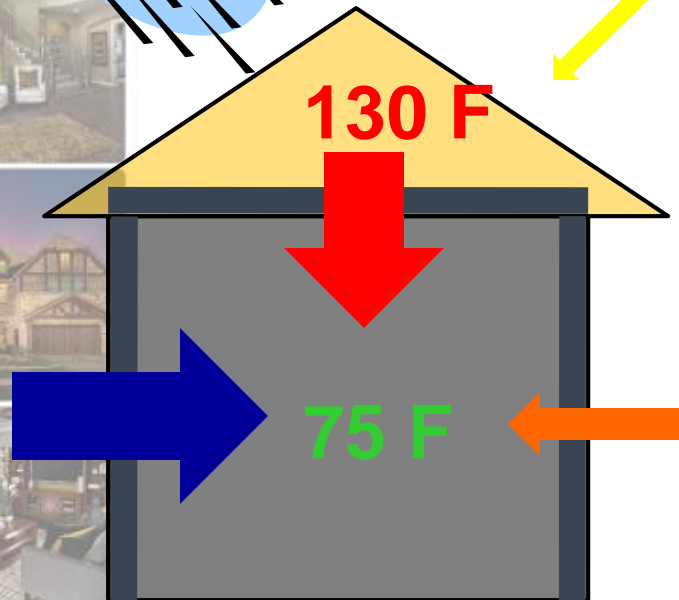
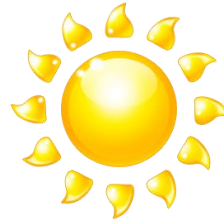


Reducing the Current Reality: 50% Waste

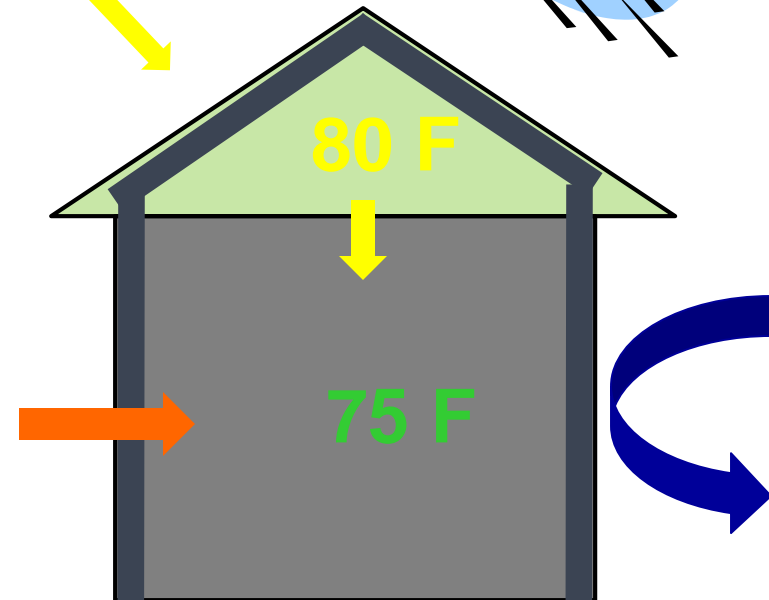


System of Interrelated Parts

Moving Forward – Building Science



90
F



Valuing E(nergy)



ENERGY PERFORMANCE RATING

ENERGY SAVING FEATURES

The Salida 4032

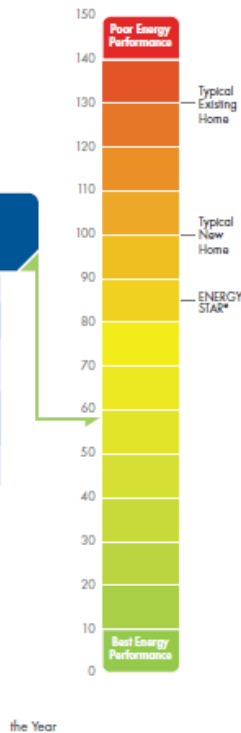
HOW THIS SCORE IS DETERMINED.

Home Energy Rating System, or simply HERS, is a scoring system set by the Residential Energy Services Network (RESNET) to measure a home's energy efficiency and determine if it meets ENERGY STAR guidelines. The lower the HERS Index, the more energy efficient a home is.*

This home exceeds
ENERGY STAR® Guidelines.

59

Plan	Salida 4032
Living Area	2,246 sq.ft.
HERS Score (Home Energy Rating)	59
Estimated Reduction In Energy Use	55%
Estimated Average Monthly	\$115/mo.



More Solar: We use a better solar platform that produces over four-times more energy, and advanced features that heat your water, heat and cool your air, manage fresh air, and allow remote energy management from anywhere in the world through a computer or smart phone.

More Health: We include EPA Indoor Air plus features such as low VOC paints and finishes, better home air filtration and circulation, a fresh air management system, and advanced thermostats. The result is reduced pollution, allergens, and dirt which make your home more comfortable, cleaner and better for the whole family.

More Comfort: We use industry leading spray foam insulation which seals the building twenty-five times better than standard insulation, reducing leaks, drafts, and wasted energy. It will also make the home quieter, more comfortable, and cleaner.

More Sustainability: We include EPA WaterSense faucets, showers, toilets, irrigation controllers, and ENERGY STAR Appliances, reducing your water consumption by 50%, with no sacrifice in lifestyle or performance.

More Savings: With an unprecedented level of energy efficiency throughout our homes, our total HERS score in this community is as low as **XX**, reducing home energy consumption by up to **XX%** in these homes.

Energy performance for The Salida 4032.

This Meritage home performs at a HERS score of **59**. This equates to a **55%** energy use reduction compared to a typical new home.

55%
ENERGY SAVINGS*

Save **\$115/mo.** in home energy bills.*

Scan this code with your smart phone to see how Meritage is changing the way homes are built.



5 Years: >\$7,000
10 Years: >\$15,000
20 Years: >\$37,000
30 Years: >\$65,000

Additional available income for the family



Reference Home: This is a home with a HERS Index of 66, is 66% more energy efficient than the HERS Reference Home. Specifications based on the 2006 International Energy Conservation Code. For more information visit www.energystar.gov and www.energysmart.com. Actual savings may vary and may depend in part on occupant behavior, timing and/or fluctuating costs of energy usage, and actual climate zone conditions. *s, dimensions, features, specifications, materials and availability of homes or communities are subject to change without notice or obligation.

Standard Features Included at Competitive Prices

Looking for a good reason to buy a Meritage home? Here are several.

ENERGY STAR® complete thermal enclosure system

1. Minimum Low-E2 windows
2. Advanced framing, thermal breaks and engineered lumber
3. SPF (Spray Polyurethane Foam) insulation in walls
4. Conditioned attic sealed with SPF

ENERGY STAR® complete water management system

5. Damp-proof barrier on below-grade concrete (see above only)
6. Drain slope on exterior of home
7. Sloped grading for superior drainage
8. Moisture-resistant roof underlayment
9. Window flashing
10. Moisture-resistant material behind tubs and showers

ENERGY STAR® complete heating and cooling system

11. Minimum SEER 14 HVAC
12. Sealed insulated ducts
13. Jump ducts
14. AH2/ASHRAE 62.2 mechanical fresh air management system
15. Minimum MERV 9 HVAC filtration

Additional energy-efficient and standard features

16. Independent inspections and testing
17. ENERGY STAR appliances
18. CFL lighting
19. Advanced programmable thermostat
20. Water-efficient faucets and shower heads
21. Dual-actuated toilets
22. Weather-sensing irrigation controller
23. Irrigation weather sensor
24. PEX plumbing
25. Low-VOC materials, paints, stains and adhesives
26. Humidistats (see above only)
27. ACCA manual engineered duct and register systems
28. Optional LED lighting
29. Reinforced concrete slab

Optional Nexia home energy monitoring and control

30. Home bridge
31. Home keypad and display
32. Indoor/outdoor wireless camera
33. Appliance models
34. Remote monitoring control on laptop, tablet or smart phone
35. Home energy management thermostat

Optional Echo® solar system

36. Solar roof panels for energy production
37. Solar water heater
38. Solar control center
39. Remote monitoring control on laptop, tablet or smart phone



MeritageHomes

Setting the standard for energy-efficient homes™

MeritageHomes
CORPORATION

Energy-efficient features are standard in every home; entire system designed to maximize energy efficiency

Green Learning Centers



Creating Customer Impact





Get the best energy value possible in energy-efficient SRP PowerWise Homes™, as featured by Meritage Homes.

General Information:

Conditioned Area: 1640 sq.ft
House Type: Single Family Detached
Bedrooms: 3

Annual Estimated Energy Use

	Lyon's Gate	New to Code	Average Resale
Heating	\$ 49	\$ 101	\$ 194
Cooling	\$ 320	\$ 645	\$ 987
Hot Water	\$ 2	\$ 254	\$ 266
Lights / Appliances	\$ 517	\$ 599	\$ 608
Photovoltaics	(\$ 347)	(\$ 0)	(\$ 0)
Service Charge	\$ 180	\$ 180	\$ 180
Total	\$ 720	\$1,779	\$2,235

Your actual costs may be higher or lower than those illustrated, depending on individual lifestyle, number of persons living in the house and SRP's fuel cost adjustment factor. SRP reviews the adjustment factor every six months, with any change made effective on July 1st and/or November 1st

Residential Green and Energy Efficient Addendum



Client File #:

Appraisal File #:

Residential Green and Energy Efficient Addendum

Client:

Subject Property:

City:

State:

Zip:

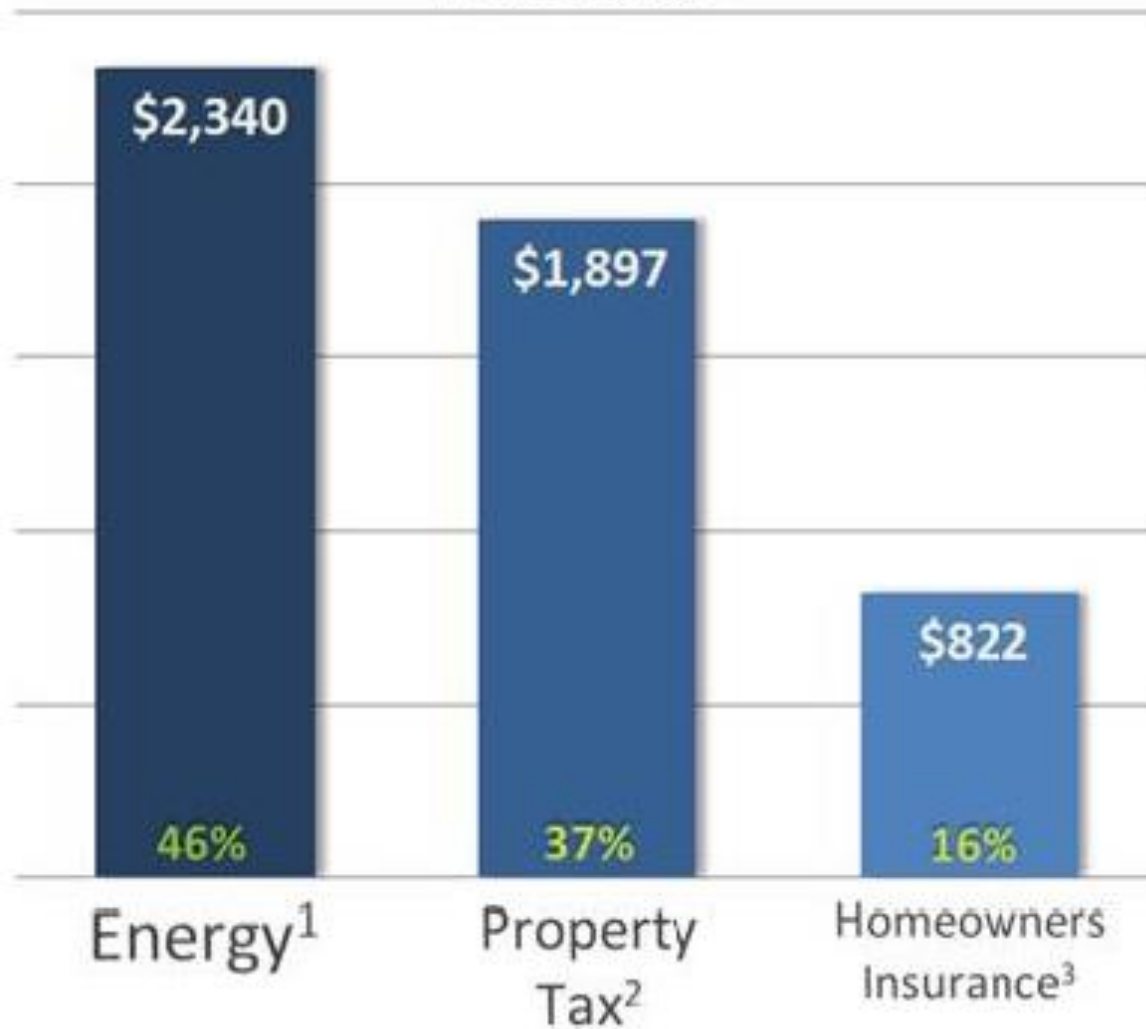
Additional resources to aid in the valuation of green properties and the completion of this form can be found at http://www.appraisalinstitute.org/education/green_energy_addendum.aspx

ENERGY EFFICIENT ITEMS

The following items are considered within the appraised value 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						R-Value:
	<input type="checkbox"/> Other (Describe): <input type="checkbox"/> Basement Insulation (Describe): <input type="checkbox"/> Floor Insulation (Describe):						<input type="checkbox"/> Walls <input type="checkbox"/> Ceiling <input type="checkbox"/> Floor
Water Efficiency	<input type="checkbox"/> Reclaimed Water System (Explain):				<input type="checkbox"/> Cistern - Size: Gallons		Location:
	<input type="checkbox"/> Rain Barrels - #:				<input type="checkbox"/> Rain Barrels Provide Irrigation		
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"/> Skylights - #:	<input type="checkbox"/> Solar Tubes - #:	<input type="checkbox"/> ENERGY STAR Light Fixtures			<input type="checkbox"/> Other (Explain):	
Appliances	ENERGY STAR Appliances:		Water Heater:		Appliance Energy Source:		
	<input type="checkbox"/> Range/Top <input type="checkbox"/> Refrigerator	<input type="checkbox"/> Dishwasher <input type="checkbox"/> Other:	<input type="checkbox"/> Solar <input type="checkbox"/> Tankless (On Demand) Size: Gal.	<input type="checkbox"/> Propane <input type="checkbox"/> Electric <input type="checkbox"/> Natural Gas <input type="checkbox"/> Other (Describe):			
HVAC (Describe in Comments Area)	<input type="checkbox"/> High Efficiency HVAC - SEER:		<input type="checkbox"/> Heat Pump		<input type="checkbox"/> Thermostat/Controllers		<input type="checkbox"/> Passive Solar
	<input type="checkbox"/> Programmable Thermostat		<input type="checkbox"/> Wind		<input type="checkbox"/> Radiant Floor Heat		<input type="checkbox"/> Geothermal
Energy Rating	<input type="checkbox"/> ENERGY STAR Home <input type="checkbox"/> HPwES (Home Performance with ENERGY STAR) <input type="checkbox"/> Other (Describe):				<input type="checkbox"/> Indoor Air PLUS Package <input type="checkbox"/> Energy Recovery Ventilator Unit		
					<input type="checkbox"/> Certification Attached		

Average U.S. Homeowner Costs 2007-2008



Benefits to Customer

- **Reduced Cost to Operate**
- **Included / Integrated into Every Home**
- **Cleaner, Quieter, Safer, Healthier, More Comfortable**
- **EPA/DOE Rated and Validated**
- **Underwriting, Appraisal, Labeling**

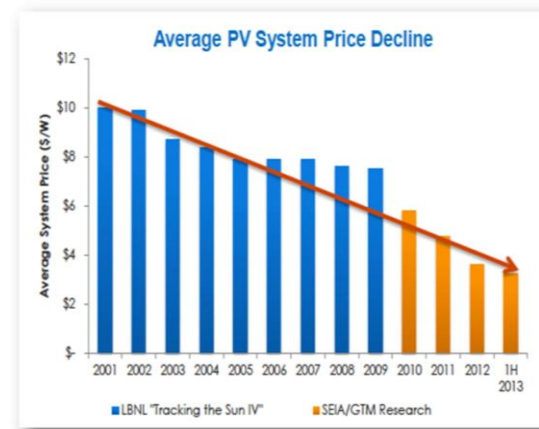


Comprehensive Value Strategy



Renewables Strategy

- **Maintain Value**
- **Create Awareness**
 - Drive Consumer value perception
 - Installed Cost per Watt
 - Unique Value Positions
- **Augment our Innovation Brand**
 - 'Zero Ready Homes'
 - 'Making the Best Homes even better'
- **Maintain aesthetics and first cost competitiveness**



Better Re-Sale Potential

— Easier Resale

- Advanced Included Features
- Better Quality, Safer, Quieter
- More Comfortable, Healthier
- Lower Monthly Cost

— Better Investment

- Impending Green Appraisal Standards
- Cost of Rehab / Upgrading

— Better Homes = More Referrals

Build a Loyal Fan Base



Better is Better



- **Low Utility Costs (Energy Label)**

- **Healthier** (VOCs, Merv 8, SPF, Sealed attic ...)

- **More Comfortable** (Low e2 windows, SPF, Conditioned attic, TStat...)

- **Cleaner** (Merv 8, SPF, sealed attic...)

- **Quieter** (Low e2 Windows, SPF, sealed attic ...)

- **Safer** (SPF, sealed attic, water management, Low Vocs)

- **Not Economically Reproducible in Resale**

- **Municipal Partnerships (Development Time)**

- **Appraisal Value / Underwriting Value / Resale Value**

Without Changing Lifestyle

Lessons Learned

- **Builder Sophistication**

- Cost / Benefit
- Assured directs / Unsure returns
- Business Strategies / Rebates
- Warranty

- **Buyer Sophistication**

- Temporal Discount
- Total Cost of Ownership
- “Nothing is wrong”

- **Industry Sophistication**

- Appraisal
- Underwriting



GET MORE



BE HEALTHY



LIVE BETTER





Thank you!

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