



## Q&A on New Federal Air Conditioning Rules

NAR Legal Affairs has prepared the below Q&A in response to inquiries from associations and members about the new rules from the U.S. Department of Energy.

*What do the new rules require?*

Pursuant to the National Compliance Energy Conservation Act of 1987, the U.S. Department of Energy has created regulations which will require all manufacturers of air conditioners and heat pumps, beginning on January 23, 2006, to only produce units with a SEER 13 rating or higher. Any nonconforming unit which was manufactured prior to January 23, 2006 can still be sold, installed, and repaired- this can occur until the manufacturers exhaust their existing inventory.

The regulations are codified at 10 CFR pt. 430- click [here](#) to view the regulations.

*What does "SEER" represent?*

"SEER" is an acronym for the following words: Seasonal Energy Efficiency Ratio. SEER is a measurement of efficiency for cooling devices such as heat pumps and air conditioners. A unit's SEER is calculated by dividing the total number of BTUs of heat removed from the air by the total amount of energy required by the unit. The higher the ratio, the more efficient the unit. Formerly, the Department of Energy had required manufacturers to meet a 10 SEER, so the new rules represent a 30% gain in energy efficiency.

*Do the new rules require consumers to replace noncomplying air conditioning units?*

No, the regulations only effect manufacturers of air conditioning units- not consumers. This new standard does not require consumers to replace and upgrade existing air conditioners. Consumers who have units whose rating is lower than a SEER 13 are not in violation of the federal regulation. The most likely impact the new standard will have on consumers will be in making future repairs to a non-SEER13 unit, as replacement parts may not be available or expensive.

*Do the new rules impact real estate professionals?*

No, the rules do not impose any duties upon real professionals while acting in that capacity. Sellers and their representatives have no duty to disclose the SEER of an air conditioner on the property, and buyer's representatives have no duty to inquire about the SEER for air conditioners on the property. Of course, a buyer's representative could point out that replacing an existing unit on the premises may be more expensive because of the new regulations or that replacement of an existing unit may be difficult because of the increased size of SEER 13 units, but there is no legal duty to provide this information.

*Besides manufacturers, who do the new rules impact?*

The new rules have implications for home warranty companies and their representatives. Home warranty companies now provide "repair or replace" coverage for items like an air conditioner for a specified time period, subject to certain exclusions. Based on the increased costs of replacing air conditioners under these new rules, at least some home warranty companies have stated that they will change their warranty coverage for non-SEER 13 units in the future by only providing "repair" coverage and excluding certain installation modifications.

Therefore, there may be disclosure issues for real estate professionals who are involved in selling home warranties to purchasers. Individuals marketing home warranties will need to become familiar with any changes in a policy's coverage provisions relating to air conditioning units. Such individuals should also work with the home warranty company they represent and their attorney to determine how to address any disclosure issues which may arise.

Copyright NATIONAL ASSOCIATION OF REALTORS®  
Headquarters: 430 North Michigan Avenue, Chicago, IL. 60611-4087  
DC Office: 500 New Jersey Avenue, NW, Washington, DC 20001-2020  
1-800-874-6500

[License Agreement](#) | [Privacy Policy](#) | [REALTOR.com](#) | [Contact NAR](#)