

October 18, 2013

Marlo Newman
9237 E. Via de Ventura
Scottsdale, AZ

Re: Green Home and Building Securities

Marlo,

I appreciate your continued efforts to create an effective financial mechanism to leverage the financial benefits of high performance buildings. Your expected issuance of publicly traded Green Home and Building Securities is an excellent private sector activity which would provide substantial economic benefits including new jobs, capturing added value of green homes, and importantly, create general awareness and validation of the significant operational cost difference between conventional and high performance building practices.

My understanding is the peer-reviewed Wall Street due diligence released at the NYSE and its Update with Leading Economists, show with national statistically valid data that this green property secondary market is expected to:

- Provide a \$1 trillion private sector stimulus
- Create 800,000 new jobs and \$400B in new wages
- Commercialize more profitable, less risky properties preferred by investors
- Attract institutional and social responsible investors with substantial assets under management that want to buy GRMBS
- Substantially reduce climate change risk
- Provide more transparent investments through use of the national consensus underwriting Green Value Scores on each property using HERS Scores and complying with Federal Housing Finance Agency, Office of the Comptroller of the Currency, and Federal Trade Commission national green building financing requirements --
 - Respecting existing lien priorities
 - Transparently protecting consumer interests
 - Ensuring prudent underwriting
 - Ensuring accurate information developed by qualified professionals

Meritage builds approximately 6,000 green certified homes per year with an average projected cost of \$350,000, generating \$2.1B in certified, high performance sales per year. We expect Green Residential Mortgage Backed Securities (GRMBS) will help recognize and capture the added value for GRMBS backed by higher value and lower risk collateral with substantial social benefits. I am also very pleased that the bond underwriting will require 3rd party QA / QC commissioning and Building Integrative Process insuring very low risk of construction defects, and reduced construction costs, so that the program creates a credible pilot for future actions. Please keep me apprised as this opportunity coalesces.

Sincerely,



CR Herro
Vice President, Environmental Affairs