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# NATIONAL GREEN BUILDING INVESTMENT UNDERWRITING STANDARDS<sup>®</sup>

## Applying Certified Buildings to Residential Real Estate Asset Underwriting, Financing, and Appraisal Methods

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## **ACKNOWLEDGEMENTS**

The Capital Markets Partnership ("Partnership") is a collaboration of financial institutions, investment banks, real estate investors, governmental entities, NGO's, non-profits, and other interested parties. A full list of Partnership members is available in Section 17.0.

The Capital Markets Partnership (CMP) is a Coalition of financial institutions, investors, investment banks, governments, NGOs, professional firms and countries. CMP is a Coalition of Market Transformation to Sustainability (MTS), a nonprofit public charity and an American National Standards Institute Accredited Standards Developer.

The national Green Building Underwriting Standards© were developed and approved by the Consensus Green Building Underwriting Committee. The Committee has exclusive jurisdiction for the development, approval, interpretation and revision of the Standards and is led by the following Officers:

- **Wade Crowfoot**, Climate Change Director, Office of San Francisco Mayor Gavin Newsom, and US Conference of Mayors
- **Steve Hoffmann**, President, Hoffmann & Associates, LLC, Chairman, CMP Partnership Committee
- **Rich Pietrafesa**, Managing Director, Destiny USA
- **Tomek Rondio**, CEO, MortgageGreen, Inc.
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- **Ken Willis**, Vice President and Director, Federal Home Loan Bank Boston
- **Dan Winters**, Managing Principal, Evolution Partners

We express our great appreciation to the Officers, especially Dan Winters, and all Committee Members for their exceptional work in developing and approving these National Consensus EMERGENCY Standards.

A companion Green Building Commercial Underwriting Standard ("Commercial Standard") which adopted this Standard's structure, format, and base background information is found in a separate document.

The *Green Building Industry Value Rating System*®, a report that shows the underlying market value of inherent to green buildings is available at:

<http://webstore.ansi.org/RecordDetail.aspx?sku=MTS+2006%3a2>

This Standard and the companion Commercial Standard, including all content and associated underwriting methodology, is the sole property of the Capital Markets Partnership.

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## **1.0 INTRODUCTION**

**There is significant value inherent to buildings that have achieved the US Green Building Council's Leadership in Energy and Environmental Design® ("LEED") certification, EPA ENERGY STAR certification, and/or Climate Neutral Certification. These national consensus standards limit risk and uncertainty especially for the capital markets.** This value can be reflected in the criteria and financial underwriting processes used by appraisers, lenders, and property investors. Risk-based investment underwriting practices can evolve to effectively incorporate this value by quantifying and certifying an asset's LEED rating, ENERGY STAR score, and/or Climate Neutral Certification. This certification can then be used to further quantify risk-reduction in the underwriting guidelines of financial institutions investing in residential real estate.

As example, the USGBC's LEED rating system qualifies an asset on several critical areas including energy and water efficiency, indoor environmental quality, and overall location among others which is then verified through independent third-party certification. Achievement of key LEED points positively impacts an asset's financial attractiveness, risk profile, and market competitiveness.

**These consensus standards advance transparency on real estate asset attributes that reflect current and future material financial value. Incorporating these attributes into the asset underwriting process is important for accurately assessing a certified asset's value in comparison to non-certified assets.**

This Residential Green Building Investment Underwriting Standard ("Standard") addresses the USGBC LEED, EPA ENERGY STAR, and Climate Neutral standards with particular attention paid to breaking down key areas directly affecting financial value. In doing so, the Standard associates appropriate LEED points, an asset's ENERGY STAR score, and Climate Neutral aspects to residential property value. The tangible and intangible characteristics of green buildings, if transparently identified, can have a corresponding positive impact on the valuation of green buildings relative to comparable conventionally constructed buildings. GreenPoint Rated Homes as third party verified through Build It Green, a nonprofit public charity, were ruled to be equivalent to LEED Homes and part of this Standard for new and existing homes and pursuant to the Commercial Standard, for multifamily properties: <http://www.builditgreen.org>. This equivalency was unanimously approved by the Green Building Underwriting Committee as a Standard Interpretation on February 10, 2009 pursuant to the equivalency option of § 5 of the Standard.

This Standard provides the real estate industry with a means to identify green building attributes along a sliding scale based on property characteristics identified by LEED, ENERGY STAR, Climate Neutral Certification, and GreenPoint Rated. With a reliable quantification system, the real estate industry can tangibly recognize the green building "dividend" and include it in property valuation analysis, real estate equity and debt underwriting, secondary market securitizations, and portfolio analysis.

To accomplish this, the Standard associates appropriate LEED points, an asset's ENERGY STAR score, Climate Neutral aspects, and GreenPoint Rated points to financial decision points for primary and secondary market participants by deriving the CMP Green Value Score™. The CMP Green Value Score is a mathematical score ranging from 0-100 based on how an asset performs on the ENERGY STAR, LEED, Climate Neutral standard, and GreenPoint Rated. The intent is to use the CMP Green Value Score as a compliment to existing underwriting processes and disclosures, informing primary and secondary market investors as to an asset's or portfolio's green performance on financially tangible attributes.

Once calculated, the CMP Green Score can be used as a risk-management tool as follows:

**PRIMARY MARKET**

- Loan application review
- Loan committee decision making
- Purchase and sale negotiations

**SECONDARY MARKET**

**I. Portfolio Analysis and Disclosure**

- Pooled debt/equity investment vehicles (private / public)
- Real estate private equity portfolios
- REIT stock analysis

**II. Corporate Information Disclosure**

- Private client asset / portfolio reporting
- Quarterly or annual financial reports
- Regulatory reports
- Analyst conference calls

The Standard addresses several areas of critical focus for the real estate capital markets:

1. Establishes a common definition of green building attributes appropriate for financial underwriting.
2. Constructs an analytical basis focused on transparent disclosure of tangible green building characteristics important to capital market risk assessment.
3. Creates an opportunity for capital market actors to develop a comparative data set from which to perform ongoing risk assessments and analysis.

Beyond deriving and reporting the CMP Green Value Score for asset risk analysis, portfolio risk analysis, and investor reporting, the factors identified within the Standard can be used within ARGUS and/or other proforma-based spreadsheet analysis tools that seek to determine real estate financial value. The use of the Standard in detailed financial analysis projections can provide a better risk assessment through the identification of specific revenue and expense line items positively impacted by a building's green features.

**Based on added value, a positive interest rate adjustment or fee advantage for certified LEED, ENERGY STAR, Climate Neutral or GreenPoint Rated homes may be applied based on the results of the Rate / Price Adjustment Matrix used by financial institutions.** The percentage chosen can reflect the certified green building attributes for the home(s) in question achieving the credits identified in this Standard. For LEED Home Certification and GreenPoint Rated homes, the completed certified LEED for Homes and GreenPoint Rated Checklists should be submitted with the loan request along with written evidence from the US Green Building Council or Build It Green that the home has qualified for the certification. For ENERGY STAR and Climate Neutral, copies of these certifications should also be submitted.

This Standard relies on the completed due diligence with investment banks and rating agencies documenting added green building value including the Green Building Industry Value Rating System© developed in 2006 which clearly demonstrates significant added value and risk reduction inherent to certified green buildings.

Commercial buildings including multi-family residential properties are covered in the companion Commercial Green Building Investment Underwriting Standard.

## **2.0 SCOPE AND OBJECTIVE**

This Standard covers all for-sale residential (non-commercial) building types including detached single family homes, manufactured housing, attached townhomes, and 1-5 story condos.

The Standard's main objective is to enhance current asset underwriting practices through the incorporation of existing consensus industry standards for green and/or energy-efficient residential projects – LEED, ENERGY STAR, Climate Neutral Certification, GreenPoint Rated – into the asset underwriting process. Green and energy-efficient certified residential properties contain numerous positive value enhancement and risk reduction aspects compared to a non-certified market peer group. The additional transparency afforded by these standards allows underwriters to reflect this value appropriately.

**Adoption of this Standard will allow underwriters to appropriately assess risk and incorporate risk-reduction strategies, both of which increase industry awareness of these issues and stimulate important market signals. These market signals encourage broad real estate industry participation in energy and water efficiency management practices, thus further stimulating green building practices.**

Implementation of this Standard by financiers within the capital markets will further encourage the private market to utilize the EPA ENERGY STAR tools and pursue third-party LEED, Climate Neutral, and GreenPoint Rated Ratings thereby increasing energy, water, and environmental performance and associated reporting by the real estate industry.

### **3.0 STANDARD ADOPTION – FINANCIAL INSTITUTIONS / CAPITAL MARKETS**

This Standard and its commercial counterpart are intended for adoption by institutions and individuals considering and/or underwriting financial transactions where the underlying collateral is a residential real estate asset or construction project.

Adopters of this Standard include:

1. Financial institutions / banks / thrifts / credit unions
2. Investment banks
3. Life insurance companies
4. Pension investors
5. Investment managers / fiduciaries
6. Rating agencies
7. Private market real estate investors
8. Appraisers and valuation professionals
9. Municipal assessors
10. Other relevant and interested parties

#### **3.1 DUE DILIGENCE OVERLAY**

This Standard and the CMP Green Value Score are intended to augment the existing due diligence process including:

- Phase 1 Environmental Site Assessment (if required)
- Property Condition Assessment Report (PCA) / Residential Home Inspection
- Asset appraisals
- Physical needs assessment
- Planning cost review (development)

#### **3.2 REPORTING – UNDERWRITING EXHIBIT OR APPRAISAL ATTACHMENT**

Key information must be reported and recorded as a separate due diligence Exhibit item or an attachment to an MAI appraisal, either of which must be signed by a third-party. Information required for this Exhibit includes:

1. ENERGY STAR Statement of Energy Performance and/or ENERGY STAR certification
2. LEED Certification or GreenPoint Rating and scorecard (if applicable)
3. CMP Green Value Score (see Section 11.3 and Appendix)
4. Green Building Underwriting Standard worksheet (see Section 11.3 and Appendix)
5. Narrative on points awarded on the Standard worksheet (see Appendix)

#### **3.3 USES – PRIMARY AND SECONDARY MARKET**

This Standard and the resultant CMP Green Value Score is applicable to both internal decision making and external reporting to relevant parties including:

- Home Buyers
- Lenders
- Rating agencies
- Secondary market investors
- Private equity funds – financial / environmental reporting
- Public market corporate reports – financial / environmental reporting
- Other pertinent applications

Applications include asset-specific investments in loan originations and/or property acquisitions (primary market) as well as for portfolio-level use by secondary market

investors. **The CMP Green Value Score should be disclosed at all levels of asset and portfolio decision making and reporting.**



#### **4.0 ADDITIONAL UNDERWRITING INFORMATION REQUIREMENTS**

Primary market underwriters should require the following additional documented information, at minimum, when engaged in underwriting or a valuation exercise for a real estate asset:

1. EPA ENERGY STAR Score
2. Documentation of USGBC LEED Certification or Build It Green GreenPoint Rating (if applicable)
3. The LEED or GreenPoint Rated scorecard demonstrating specific LEED or GreenPoint Rated points achieved (if applicable)
4. Climate Neutral Certification (if applicable)

Additional information requirements may be required based on the specific LEED or GreenPoint Rated points achieved to determine the score for the corresponding LEED or GreenPoint Rated credit identified in this Standard.

**Secondary market investors should require transparent reporting of the CMP Green Value Score at both the asset level and the aggregated portfolio level.**

#### **4.1 IMPLEMENTATION – UNDERWRITING DATA REQUIREMENTS**

Implementation of this Standard requires obtaining the additional asset-specific due diligence items outlined in Section 4.0 above. Once these information items are received, they must be appropriately tracked and reported alongside other asset-specific information.

Users of this Standard should track these additional data points by assigning new database fields to capture and store relevant asset-based information including:

- 1. EPA ENERGY STAR Score**
- 2. Year ENERGY STAR Score was obtained**
- 3. LEED or GreenPoint Rated Rating Type**
  - LEED -H- Homes
  - LEED-ND – Neighborhood Development
  - LEED-EB:O&M – Operations and Maintenance (multi-unit)
  - LEED-CS – Core and Shell (multi-unit)
  - GreenPoint Rated (Single Family and Multifamily New Home and Single Family Existing Home)
- 4. LEED Rating Level**
  - None
  - Certified
  - Silver
  - Gold
  - Platinum
- 5. GreenPoint Rated Score**
  - 50 point minimum for rating
  - Community 32+
  - Energy 125+
  - IAQ/Health 51+
  - Resources 103+
  - Water 71+
- 6. Year LEED or GreenPoint Rated Rating was obtained**
- 7. Climate Neutral Certification (Y/N)**

- 8. Green Building Underwriting Standard Score (see Section 11.3)**
- 9. CMP Green Value Score**

## **5.0 CONSENSUS STANDARDS – BACKGROUND INFORMATION**

Voluntary consensus standards have regulated the real estate industry since 1898 when the industry standardized building heating and cooling requirements to prevent exploding boilers. This led to the creation of the American National Standards Institute (“ANSI”) in 1918 as the coordinator of the U.S. voluntary standards and conformity assessment system. Standards used by the real estate industry range from tensile strength of steel to the hardness of backfill, cement, and concrete among hundreds of other building requirements which have become components of municipal building codes.

These standards and similar conformity assessment programs are determined by private industry groups and act as a primary facilitator of commerce by becoming the basis of a sound national economy, reducing risk and adding value.<sup>1</sup> Further, industry-based standards are typically relied upon by government bodies over government-created standards.<sup>2</sup> Other real estate industry standards include the Phase I Environmental Assessment report (“Phase I”) and the Property Condition Assessment report (“PCA”) which are used in standard due diligence and underwriting.

The financial markets, and in particular investors and the risk rating agencies, require comprehensive, transparent, market-driven consensus standards such as the Phase I and PCA as a basis for establishing the treatment of material risk-based attributes within the real estate industry so as to address and reduce investment risks and uncertainties.

Three consensus, transparent standards can be used to further assess risk in real estate investments. These standards include:

- USGBC LEED rating and certification system
- EPA ENERGY STAR rating and certification
- Climate Neutral Certification

Standards equivalent to LEED, ENERGY STAR and Climate Neutral Certification are acceptable for use in this underwriting standard. GreenPoint Rated Homes has been determined to be equivalent to LEED. For further information on GreenPoint Rated: <http://www.builditgreen.org/greenpoint-rated>. Equivalency decisions will be made on a case-by-case basis by the Green Building Investment Underwriting Standard Committee as a “standard interpretation”. The burden of persuasion is on the applicant.

Financial institution adoption of this Underwriting Standard will substantially encourage commercial and residential green building certification to the ENERGY STAR, LEED, GreenPoint Rated and Climate Neutral standards thus realizing substantial economic and social benefits.

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<sup>1</sup> Overview of the U.S. Standardization System – American National Standards Institute  
<http://publicaa.ansi.org/sites/apdl/Documents/News%20and%20Publications/Other%20Documents/US-Stdzn-System-FINAL.pdf>

<sup>2</sup> Seventh Annual Report on Federal Agency Use of Industry Consensus Standards  
[http://www.whitehouse.gov/omb/inforeg/2003\\_report\\_voluntary\\_consensus.pdf](http://www.whitehouse.gov/omb/inforeg/2003_report_voluntary_consensus.pdf)

## 5.1 USGBC LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED®)

The LEED–Homes rating system is applicable to residential asset underwriting. LEED–Homes awards up to 136 points based on seven major categories, all of which impact asset value directly and indirectly to varying degrees – a copy of these standards can be found at USGBC.org under “LEED”. When underwriting LEED certified buildings, understanding the aggregate level of LEED achievement (Certified, Silver, Gold, or Platinum) is the first step.

However, an asset’s overall certification at the LEED Silver, Gold, or even Platinum levels is not fully sufficient from which to base valuation adjustments. As example, achieving LEED Silver certification requires a minimum achievement of 60 points which is 44% of the total LEED points available. Certain LEED points that have direct application to asset underwriting may or may not exist with a specific aggregate rating. As such, it is critical to investigate the specific LEED scorecard so as to understand the exact points achieved under a particular level.

By parsing the LEED scorecard during the underwriting process, it becomes evident that numerous LEED credits have a direct, positive application to financial underwriting while other credits do not result in direct asset value.

Intangible LEED points adding indirect value include construction recycling programs, the use of FSC certified wood, SMaRT certified sustainable products, and open space restoration among several others. Existence of these LEED points should be reflected in an asset’s brand value and market goodwill which impacts an underwriter’s calculation of an asset’s overall value potential.

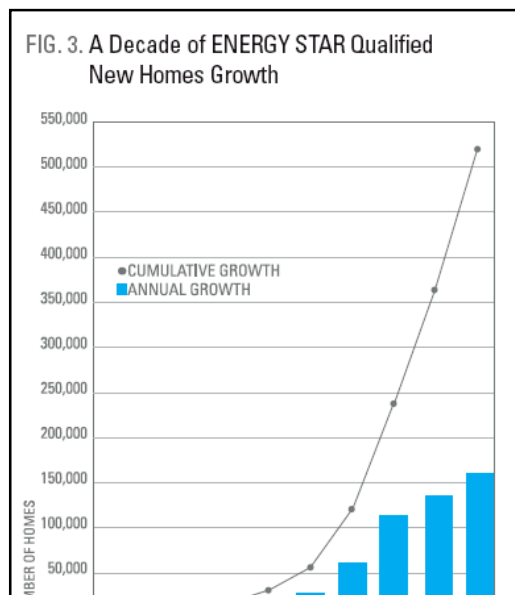
## 5.2 GreenPoint Rated

The GreenPoint Rated System incorporates environmental construction practices with in line with the LEED rating system and has been approved as an equivalent for residential asset underwriting. There are 300+ points available in GreenPoint Rated and homes are valued on five environmental categories of Community, Energy, IAQ/ Health, Resource Conservation, and Water Conservation. GreenPoint Rated is available to evaluate single family and multifamily new homes and single family existing homes. The standards and checklists can be found at [www.builditgreen.org/greenpoint-rated/guidelines](http://www.builditgreen.org/greenpoint-rated/guidelines). GreenPoint Rated equivalent measures with direct asset value have been identified within this report for the valuation of projects as put forth by this standard.

## 5.3 EPA ENERGY STAR CERTIFICATION

ENERGY STAR certified new and existing homes provide decreased operating costs, increased market competitiveness (market value) and positively impact a homeowner’s equity investment security and debt default risk. The EPA’s ENERGY STAR program was first introduced in 1999 and has become the national symbol for energy efficiency in America. To date, over 800,000 ENERGY STAR homes have been certified through 5,000 home builders. Homes account for about 60% of buildings and the majority of climate change pollution attributed to the building industry.

ENERGY STAR homes are at least 15% more energy efficient than homes built to the 2004 International Residential Code (IRC). On average,



ENERGY STAR certified homes use 20-30% less energy than conventional homes. Any home five (5) stories or less can earn the ENERGY STAR label if it has been verified to meet EPA's guidelines including: single family, attached, and low-rise multi-family homes; manufactured homes; systems-built homes (e.g., SIP, ICF, or modular construction); log homes, concrete homes; and existing retrofitted homes.

ENERGY STAR homes certify energy efficiency through verification by independent third party RESNET-accredited technicians. This certification assesses building envelope thermal efficiency, air distribution, equipment, lighting and appliances.

## **5.4 CLIMATE NEUTRAL CERTIFICATION**

Climate Neutral Certification is a consensus national standard used for taking new and existing buildings and homes to zero net conventional energy use and corresponding emissions. Climate Neutral buildings are certified by any licensed architect or engineer upon achievement of Climate Neutral status through any combination of energy efficiency and Green-e Renewable Power. Green-e Power can be achieved either onsite, offsite from the grid, or through Green-e Certified offsets or renewable energy certificate's ("REC").

Beyond incorporating building envelope and system energy efficiency measures, the Climate Neutral standard encourages the installation of Green-e on-site renewable energy including solar electric (photovoltaic), solar thermal, passive solar, wind, hot and cold geothermal, biogas, biomass, low impact hydro, and/or renewable cogeneration. To achieve Climate Neutral Certification, asset owners may offset any remaining energy use through renewable power purchased on the open market from sources that are certified through the Green-e Renewable Electricity Certification Program or generated by the same owner on a different site and independently certified to Green-e.

Climate Neutral Certification is important given increased consumer and industrial electricity demands, grid infrastructure fragility and reliability, and long-term rising conventional energy costs stemming from 1) the sharp decline in the permitting of new coal fired power plants, 2) the high costs, long construction lead times, and onsite waste storage issues associated with nuclear power, 3) Wall Street's Carbon Principles adopted by JPMorgan Chase, Citi, Morgan Stanley and Bank of America, recognizing the impacts of climate change on the risk and pricing of carbon, and 4) global oil and natural gas depletion.

Information on the Green-e Renewable Electricity Certification Program can be found at [Green-e.org](http://Green-e.org) and a copy of the Climate Neutral Building Standard can be obtained through [ANSI.org](http://ANSI.org) at the following internet address:

<http://webstore.ansi.org/FindStandards.aspx?Action=displaydept&DeptID=3144>

## **6.0 EMERGENCY NATURE OF THE STANDARD**

This is an EMERGENCY standard due to the confluence of several very important global economic issues including:

- 1) Real estate and financial market credit crisis
- 2) Erosion of confidence in real estate underwriting standards
- 3) Long-term rising conventional energy costs and associated pervasive economic impacts
- 4) Increasing economic damages from dangerous climate change

Large scale adoption of the Standard can substantially mitigate adverse effects of these issues due to the recognition of risk reduction aspects of green building features. Specifically:

### **1. Increased Investor Confidence**

- Higher value collateral
- Reduced risk (see Section 7.0)
- Improved investor confidence
- Improved goodwill due to social benefits of green buildings
- Increased liquidity

### **2. Energy Efficiency and Renewable Green-e Power**

- Reduced energy consumption and associated expense reduction
- Reduced peak-load energy pricing
- Reduced grid reliance
- Hedge against increased economic constraints regarding carbon (eg. *Carbon Principles*)
- Reduced exposure to conventional energy price volatility
- Improves energy security

### **3. Climate Change and Climate Credit Risk/Damage Reduction**

- Carbon footprint reduction
- Efficiency cost savings
- Insurance availability and continuing coverage

A relevant Capital Markets Partnership report further addressing these issues is "*Creating an Economic Stimulus and Stopping Climate Credit Risk / Irreversibility*"<sup>3</sup>

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<sup>3</sup> Document available at <http://webstore.ansi.org/FindStandards.aspx?Action=displaydept&DeptID=3144>

## **7.0 RISK REDUCTION**

Green building techniques are synonymous with best management practices. These practices serve to enhance real estate asset value and reduce investment risk on a number of fronts. Residential real estate value is a combination of 1) desirability, 2) quality of asset / quality of life, and 3) future value, and in the case of green residential properties, 4) resource efficiency. Green residences positively affect all four metrics.

Investment standards that incorporate green building features inform investors on evolving best practices regarding investment approaches and risk reduction measures within the real estate industry. Critical market pressures have accelerated a rapidly growing green building market including rising conventional energy costs, lower asset operating costs, homeowner preferences swaying in favor of green homes, and climate change. The result has been to enhance the value of some assets and detract from the value of others.

Risk can be viewed as both an absolute reduction in risk exposure as well as the opportunity to achieve enhanced value through one set of asset attributes as compared to an asset without those same attributes. Risk-based measures attributed to green residential buildings can be broken into categories as follows:

### **1. Value**

- Asset desirability on sale relative to market
- Length of time the home can maintain a market position more valuable than conventional homes
- Risk probability of mortgage default and corresponding debt writedown
- ENERGY STAR rating and positive effects on ongoing operating costs

### **2. Ongoing Cost Containment**

- Decreased obsolescence risk relative to market
- Competitive stance in comparison to surrounding homes over time
- Appreciation compared to conventional homes
- Containment of future renovation and operational costs

### **3. Operating Expense Efficiency and Cost Escalation Containment**

- Completed home durability report and system longevity
- Utility cost reduction and efficiencies through design and technology
- Systems that reduce a resident's exposure to utility cost escalation and price volatility
- HVAC system maintenance and repair
- Ability to qualify for insurance discounts

### **4. Risk Profile**

- Reduced exposure to indoor air quality ("IAQ") problems / protection from liability
- Reduced exposure from mold reduction strategies / protection from liability
- Reduced exposure to any climate change regulatory changes
- Lower default risk stemming from higher equity, reduced monthly utility bills, exposure to energy price volatility, and base risk exposure from IAQ and mold

### **5. Overall Advantage**

- Qualification for cheaper cost of capital for upgrades (home equity and refinance rates cheaper than rates for conventional homes)



## **8.0 INTANGIBLES / EXTERNALITIES TRANSLATED TO INCREASED HOME VALUE**

Many LEED points add intangible value such as FSC certified wood, SMaRT certified sustainable products, erosion controls, education and regional materials / local production, but do not directly appear to add value or reduce expenses. These attributes can best be categorized as goodwill and intangible brand value. As a result, a separate category is identified for intangibles.

For homes, intangible value derived from an independently certified LEED, GreenPoint Rated, ENERGY STAR or Climate Neutral Certified home can add to home value.

The following green building attributes have been included in consensus green building certifications covered in this Standard due to their high market demand providing social and environmental benefits:

- FSC Certified Wood (LEED-MR 7) (GreenPoint Rated- D5 and PD3)
- SMaRT Certified Sustainable/EPP Products (LEED Innovation, GreenPoint Rated PK1 and Climate Neutral)
- Local / Regional Materials (LEED-MR 2) (GreenPoint Rated – K6 and L1)
- Construction Waste (LEED-MR 3) (prerequisite: construction waste planning leads to reduced costs to builder, and to homeowner for construction costs if passed through) (GreenPoint Rated – A2) (Prerequisite Builder must submit preconstruction plan and divert a minimum of 50% of Construction waste)
- Previously Developed (LEED-LL 3) (reduced costs to builder and to homeowner for construction costs if passed through) (GreenPoint Rated – O1a. Develop infill sites)
- Erosion control, minimized site disturbance, stormwater runoff (LEED-SS 1.1, SS 1.2, and SS 4) (GreenPoint Rated – O2a. Cluster Homes for Preservation, PA1. Stormwater control prescriptive path, PA2, Stormwater performance path, A1a. Protect topsoil from erosion and reuse after construction)
- Landscaping: no invasive species (LEED SS 2.1) (GreenPoint Rated – C3a)
- Ensure use of refrigerants that do not cause ozone layer depletion and climate change (LEED-EA 11) (GreenPoint Rated – H4)
- Material Efficient Framing (LEED-MR 1) (framing order waste factor limit results in reduced costs to builder and to homeowner for construction costs if passed through) (GreenPoint Rated – D1 Apply optimal value engineering)

The GreenPoint Rated measures listed above refer to the GreenPoint Rated Single Family Rating System. For equivalent measures under GreenPoint Rated Multifamily and Existing Home, refer to the table in the Appendix GreenPoint Rated Equivalency.

## **9.0 UTILITY EXPENSE REDUCTION ASSUMPTIONS / AREAS OF VALUE CREATION**

The National Green Building Underwriting Standard addresses several areas of value that positively impact the building and its desirability when compared to a 'market' peer group. Fully accounting for these attributes in both the underwriting, financing and quality of life for the occupant can result in an asset achieving higher value when compared to other market assets that either 1) do not achieve these certifications, or 2) do not achieve the specific attributes discussed further.

The transparency resulting from achieving key aspects of these certification standards provides underwriters relevant asset-based value information in important areas including energy and water efficiency; location attributes including transit orientation; indoor environmental quality;

and operational and durability superiority. Factoring these and other relevant issues into determining the 'market' peer group from which to assess value is a critical component of the underwriting process.

Real estate finance and appraisal professionals should incorporate these risk-based impacts within their assumptions at loan underwriting. Among the factors affecting ongoing operating and maintenance expenses and overall asset value are:

**1. Green Home Attributes That Reduce Overall Gross Expenses, Including Utilities**

- Energy Efficiency Strategies Employed
- Energy Reduction: HVAC / Hot Water / Appliances
- Home Orientation for Natural Solar Gain Efficiencies
- Onsite Renewable Energy
- Water Efficiency / Use Reduction
- Non-Toxic Pest Control
- Preferred Location and Infrastructure Stability
- Community Resources and Public Transportation
- Improved Durability
- Whole Systems Integrative Planning improving the overall home quality and reducing construction costs and expenses including utilities
- Site Selection
- Heat Island Reduction
- Homeowner Education

**2. Market Attributes Other Than Expense Reduction That Also Affect Value**

- LEED for Neighborhood Development Certification
- Access to Open Space
- LEED or GreenPoint Rated Low-VOC Materials
- ENERGY STAR IAQ Verification
- Indoor Environmental Quality / Ventilation / IAQ Effectiveness
- Reduced Site Disturbance / Tree Protection

**3. Intangibles**

There is recognition that as intangibles positively affect value, green-rated residential assets will continue to develop a favorable market reputation. However, this value is difficult to accurately measure. Accordingly, green home attributes affecting only intangible value are listed in Section 11.0 of this Standard.

## **10.0 CMP GREEN SCORE™ SCORING SYSTEM**

The Capital Markets Partnership Green Value Score™ ("CMP Green Value Score") is a score ranging from 0-100. This score is intended to rate an asset on its overall achievement of aspects relating to energy/water efficiency and associated operating costs, indoor environmental quality, and intangible factors. The rating is intended to provide additional transparent insight into investment risks and risk mitigation strategies particularly important to investment fiduciaries.

This score is intended for use by all capital market participants in underwriting, loan decision making, rating agency reporting, and loan securitization data dissemination for rating agency rating and securitization information reporting among other uses.

The CMP Green Value Score is derived using a weighted formula that reflects an asset's EPA ENERGY STAR score, overall LEED or GreenPoint rating, Climate Neutral Certification, and performance on this Standard.

Suggested implementation includes assigning several database fields to capture and store relevant asset-based information. These data points are identified in Section 4.1 titled "Implementation – Underwriting Data Requirements".

### **10.1 VALIDATION**

A CMP Green Value Score must be validated by an accredited environmental professional, licensed architect or licensed engineer. This validation can include a LEED-Accredited Professional.

Independent validation of the CMP Green Value Score is required due to:

- An ENERGY STAR score below 75 is not certified by the EPA ENERGY STAR program. Scores below 75 are self-administered and must be independently verified.
- A LEED certified or GreenPoint Rated home (any certification level) requires a judgment as to value range associated with the attainment of the various LEED/ GreenPoint Rated points on the Green Building Underwriting Standard as discussed in Sections 12.0 thru 14.0
- A non-LEED certified or non- GreenPoint Rated home can be awarded points under this Standard as denoted in Section 11.3, Step 2B. These points are observational-based points that must be independently verified.

## 10.2 CMP GREEN VALUE SCORE CALCULATION – OVERVIEW

The CMP Green Value Score is based on a scoring matrix which is both thorough and easy to implement.

The matrix derives a numeric score ranging from 0 to 100 comprised of a weighted compilation of an asset's ENERGY STAR score, Climate Neutral Certification, LEED or GreenPoint Rated rating, and performance on the Green Building Underwriting Standard.

This score is intended to ride with the asset during underwriting, loan decision-making, securitization (if applicable) and capital market reporting.

Underwriters are able to input the appropriate score or criteria, then apply a weighting factor ("Value Ratio") to derive the Adjusted Score. The Adjusted Score, when totaled, equals the CMP Green Value Score which can then be used in underwriting decision making and reported to investors along with other relevant asset information. The formula is as follows:

<b>CMP GREEN VALUE SCORE MATRIX</b>	<b>Score</b>	<b>Value Ratio</b>	<b>Adjusted Score</b>
<b>ENERGY STAR Yardstick Score / Converted HERS Rating</b>	<div style="border: 2px solid red; width: 50px; height: 20px; display: inline-block;"></div>	<b>40%</b>	
<b>Green Building Underwriting Standard Score</b>		<b>35%</b>	
<b>Climate Neutral Certified</b>	<b>YES</b> <b>NO</b>	<b>10%</b> <b>0%</b>	
<b>LEED/ GreenPoint RATING</b>	<b>NONE</b> <b>CERTIFIED/ 50-94 GPR points</b> <b>SILVER/ 95-149 GPR points</b> <b>GOLD/ 150-209 GPR points</b> <b>PLATINUM/ 210+GPR points</b>	<b>0%</b> <b>2%</b> <b>5%</b> <b>10%</b> <b>15%</b>	
<b>CMP GREEN VALUE SCORE</b>		<b>100%</b>	

### HERS / ENERGY STAR - CONVERSION TABLE

<b>HERS Rating</b>	<div style="border: 2px solid red; padding: 2px;"><b>Score</b></div>
<b>100</b>	<b>50</b>
<b>90</b>	<b>55</b>
<b>80</b>	<b>60</b>
<b>70</b>	<b>70</b>
<b>60</b>	<b>80</b>
<b>50</b>	<b>90</b>
<b>40</b>	<b>95</b>
<b>39 and below</b>	<b>100</b>

### 10.3 DISCUSSION – CMP GREEN VALUE SCORE “VALUE RATIO”

An element of the CMP Green Value Score is the “Value Ratio” (located in the third column of the CMP Green Score chart and **outlined in red** on the chart below) which weights the various components that comprise the Green Building Underwriting Standard. This Value Ratio is determined by placing principle focus on areas of tangible financial value and risk reduction, particularly energy prices and the impact on an asset’s current/future operating costs and leasing market competitiveness.

These direct tangible financial metrics are transparently identified through 1) the asset’s ENERGY STAR Score, and 2) the Green Building Underwriting Standard Score which has a significant weighting on energy and water operating costs as well as key location and indoor environmental quality aspects pertinent to leasing/sale consideration. Further, assets that are Climate Neutral Certified typically enter into long-range renewable energy contracts which insulate from energy price increases and associated price volatility.

This Value Ratio breakdown results in 85% of the CMP Green Score focused on energy and water efficiency, location, and indoor environmental quality, all having positive tangible impact on an asset’s ongoing revenue generation capability and operating cost profile.

<b>CMP GREEN SCORE MATRIX</b>	<b>Score</b>	<b>VALUE RATIO</b>	<b>Adjusted Score</b>
<b>ENERGY STAR Score</b>		<b>40%</b>	
<b>Green Building Underwriting Standard Score</b>		<b>35%</b>	
<b>LEED/ GreenPoint RATING</b>	<b>NONE</b>	<b>0%</b>	
	<b>CERTIFIED/ 50-94 GPR points</b>	<b>2%</b>	
	<b>SILVER/ 95-149 GPR points</b>	<b>5%</b>	
	<b>GOLD/ 150-209 GPR points</b>	<b>10%</b>	
	<b>PLATINUM/210+GPR points</b>	<b>15%</b>	
<b>Climate Neutral Certified</b>	<b>YES</b>	<b>10%</b>	
	<b>NO</b>	<b>0%</b>	
<b>CMP GREEN SCORE</b>		<b>100%</b>	

The CMP Green Value Score also recognizes the intangible value inherent to achieving LEED certification or GreenPoint Rated qualification. This intangible value stems from the recognition placed on third-party LEED certification and GreenPoint Rating by owners. Homes achieving LEED certification or GreenPoint Rating gain significant positive value stemming from media coverage and public relations opportunities, elevated sales/rent prices, and/or other measures of market goodwill.

In addition, there is imbedded value in the environmental aspects contained within LEED and GreenPoint Rated that are not specifically called to attention as ‘tangible’ value. Over its history, the US Green Building Council and its LEED Rating System has had a transformative effect on both the real estate industry and the industries that service the real estate industry including the construction, cleaning products, building materials, and furniture segments.

GreenPoint Rated has had a similar effect in California. This impact happens through market ripple effects that result in companies across numerous industries improving their environmental performance. Product examples include an increasing number of low-VOC paints / sealants / floor coverings, non-toxic green cleaning products, FSC certified wood, SMaRT sustainable products, and Green-e power among numerous others.

## **10.4 ENERGY STAR SCORE DETERMINATION**

There are two paths used to determine a residential ENERGY STAR score as follows:

1. Utilize the results of a HERS Rating Test
2. Utilize the EPA ENERGY STAR Home Energy Yardstick

### **HERS Rating Test**

The HERS Index is a scoring system established by the Residential Energy Services Network ("RESNET") in which a home built to the specifications of the HERS Reference Home (based on the 2006 International Energy Conservation Code) scores a HERS Index of 100, while a net zero energy home scores a HERS Index of 0. Thus, the lower a home's HERS Index the more energy efficient it is in comparison to the HERS Reference Home.

Each 1-point decrease in the HERS Index corresponds to a 1% reduction in energy consumption compared to the HERS Reference Home. Therefore, a home with a HERS Index of 85 is 15% more energy efficient than the HERS Reference Home and a home with a HERS Index of 80 is 20% more energy efficient.

The HERS score must be verified and field tested by a Home Energy Rater who is an active ENERGY STAR Partner and certified by RESNET or California Energy Commission. The HERS score is also useful for implementation with multi-unit residential properties.

**COMPLETE:** Determine the HERS score, then apply the numeric conversion table in Section 10.0. Enter the number into the CMP Green Value Score matrix.

### **ENERGY STAR Home Energy Yardstick**

[http://www.ENERGY STAR.gov/index.cfm?fuseaction=home\\_energy\\_yardstick.showStep2](http://www.ENERGY STAR.gov/index.cfm?fuseaction=home_energy_yardstick.showStep2)

Establishing a residential home's ENERGY STAR rating through the Home Energy Yardstick can be accomplished through the EPA's web site in five (5) minutes or less with the proper data. Data required includes:

- Trailing 12 months of utility bills (monthly detailed or annual summary)
  - Total kWh consumed or total \$ amount spent
- Type of energy used
  - Electricity (default)
  - Natural Gas
  - Fuel Oil
  - Propane
  - Kerosene
- Number of occupants
- Zip code
- Square footage
- Decade home was constructed (60's, 70's, 80's, etc.)

Once the data is entered, the ENERGY STAR Yardstick tool returns a score of 1-100 that rates the home's energy use compared to a peer group. A low number demonstrates poor energy efficiency while a high number denotes superior energy efficiency.

**COMPLETE:** Enter the ENERGY STAR Yardstick number into the matrix.

## 10.5 CMP GREEN VALUE SCORE TRACKING OVER TIME

**An important aspect of this Standard is to begin collecting, using, and reporting relevant asset-level data thereby allowing the market to arrive at appropriate risk-adjusted investment decisions.** Measuring, tracking, and reporting this relevant data allows for better process management, analysis, and risk management at both the primary (origination) and secondary (securitization and security investment) levels within the capital markets.

**Deriving a CMP Green Value Score as a benchmark assessment, then reporting this Score is a primary objective of this Standard.** Gathering relevant, financially tangible information that is third-party validated then transparently reporting this data will allow financial market mechanisms to determine risk-adjusted value over time.

Financial institutions will find that all assets can achieve points on the CMP Green Value Score regardless of homebuilder / homeowner participation in the voluntary ENERGY STAR, LEED, GreenPoint Rated, or Climate Neutral programs through the ENERGY STAR Yardstick benchmark score as well as various points within the Green Building Underwriting Standard scoring system that are available for non-certified projects.

Because ENERGY STAR, LEED, Climate Neutral and GreenPoint Rated continue to be voluntary programs that are optional for adoption, at present time many homes may achieve what appears to be a low CMP Green Score. This is acceptable.

This Standard purposefully does not make suggestions or assertions as to how financial markets will interpret the CMP Green Value Score. Rather, this Standard recognizes that leading developers, property managers, homeowners and investors have adopted these voluntary assessment standards and are taking advantage of the short-term and long-term business and asset-based opportunities presented by incorporating these best practices.

**Financial institutions should request an ENERGY STAR score, the certified LEED or GreenPoint Rated scorecard if applicable, and a Climate Neutral Certification if applicable. It is advised that all financial institutions require clients to obtain and report the asset's ENERGY STAR score as a condition of receiving financing.**



## 10.6 CMP GREEN VALUE SCORE SCORING EXAMPLES

### EXAMPLE I

A 120-unit LEED Gold certified residential apartment with an ENERGY STAR HERS score of 60 (when converted equals an ENERGY STAR Score of 75) achieving a Green Building Underwriting Standard score of 75 (see Section 10.0 for scoring methodology and Sections 13.0 and 14.0 for specific descriptions) that is Climate Neutral Certified achieves a CMP Green Value Score of 76 calculated as follows:

Calculation Methodology – Green Building Underwriting Standard						
Sorted by Factor Adjustment / Score	LEED Point		Value Range		ADJUSTMENT FACTOR	TOTAL
	YES	NO	Low	High		
Non Toxic Pest Control	x		1	5	5	15
Community Resources & Public Transport.	x		0	4	3	9
Energy Efficiency	x		1	5	4	12
Water Efficiency / Use Reduction	x		0	1	1	3
Preferred Location & Infrastructure	x		1	3	2	6
On-Site Renewable Energy		x	1	3	0	0
Improved Durability	x		2	4	4	8
Orientation for Solar	x		1	3	3	6
Energy Reduction: Hot Water & Appliances	x		1	3	3	5
Whole System Integrated Planning		x	2	4	0	0
Indoor Environmental Quality	x		2	3	3	3
Reduced Disturbance / Tree Protection	x		2	3	3	3
Heat Island Effect	x		0	1	1	1
Site Selection	x		0	1	1	1
Homeowner Education		x	1	3	0	0
LEED for Neighborhoods		x	1	2	0	0
Access to Open Space	x		2	3	3	1.5
Low VOC	x		2	3	3	1.5
<b>TOTAL REVENUE POINTS</b>						<b>75</b>
<b>% of Maximum Allowable</b>						<b>100.00%</b>

CMP GREEN VALUE SCORE MATRIX	Score	Value Ratio	Adjusted Score
ENERGY STAR Score / HERS Rating Converted	75	40%	30
Green Building Underwriting Standard Score	75	35%	26
Climate Neutral Certified	YES NO	10% 0%	10
LEED/ GreenPoint RATING	NONE CERTIFIED/ 50-94 GPR points SILVER/ 95-149 GPR points GOLD/ 150-209 GPR points PLATINUM/210+GPR points	0% 2% 5% 10% 15%	10
<b>CMP GREEN VALUE SCORE</b>		<b>100%</b>	<b>76</b>

**EXAMPLE II**

A non-LEED certified residential home with an ENERGY STAR Yardstick score of 43 implementing basic energy efficiency measures located in a generic track-home sub-division failing to use non-toxic pest control achieves a Green Building Underwriting Standard score of 33.5. The residence is not Climate Neutral Certified. Therefore, this asset achieves a CMP Green Value Score of 29 calculated as follows:

<b>Calculation Methodology – Green Building Underwriting Standard</b>							
Sorted by Factor Adjustment / Score	LEED Point		Value Range		SCORE	ADJUSTMENT	TOTAL
	YES	NO	Low	High		FACTOR	
Non Toxic Pest Control		x	1	5	0	3	0
Community Resources & Public Transport.		x	0	4	0	3	0
Energy Efficiency	x		1	5	2	3	6
Water Efficiency / Use Reduction	x		0	1	1	3	3
Preferred Location & Infrastructure	x		1	3	1	3	3
On-Site Renewable Energy		x	1	3	0	3	0
Improved Durability	x		2	4	4	2	8
Orientation for Solar	x		1	3	1	2	2
Energy Reduction: Hot Water & Appliances	x		1	3	3	1.7	5
Whole System Integrated Planning		x	2	4	0	1	0
Indoor Environmental Quality	x		2	3	3	1	3
Reduced Disturbance / Tree Protection		x	2	3	0	1	0
Heat Island Effect	x		0	1	1	1	1
Site Selection	x		0	1	1	1	1
Homeowner Education		x	1	3	0	0.5	0
LEED for Neighborhoods		x	1	2	0	0.5	0
Access to Open Space		x	2	3	0	0.5	0
Low VOC	x		2	3	3	0.5	1.5
<b>TOTAL REVENUE POINTS</b>							<b>33.5</b>
<b>% of Maximum Allowable</b>							<b>100.00%</b>

<b>CMP GREEN VALUE SCORE MATRIX</b>	<b>Score</b>	<b>Value Ratio</b>	<b>Adjusted Score</b>
<b>ENERGY STAR Score / HERS Rating Converted</b>	<b>43</b>	<b>40%</b>	<b>17</b>
<b>Green Building Underwriting Standard Score</b>	<b>33.5</b>	<b>35%</b>	<b>12</b>
<b>Climate Neutral Certified</b>	<b>YES</b> <b>NO</b>	<b>10%</b> <b>0%</b>	<b>0</b>
<b>LEED RATING</b>	<b>NONE</b> <b>CERTIFIED/ 50-94 GPR points</b> <b>SILVER/ 95-149 GPR points</b> <b>GOLD/ 150-209 GPR points</b> <b>PLATINUM/210+GPR points</b>	<b>0%</b> <b>2%</b> <b>5%</b> <b>10%</b> <b>15%</b>	<b>0</b>
<b>CMP GREEN VALUE SCORE</b>		<b>100%</b>	<b>29</b>

## 11.0 GREEN BUILDING UNDERWRITING STANDARD – CALCULATION AND SCORING

The Green Building Underwriting Standard focuses attention on the LEED or GreenPoint Rated scorecard and the achievement of critical LEED or GreenPoint Rated points exhibiting tangible financial value summarized in Sections 12.0 thru 14.0 of this Standard which are directly applicable to an asset's current/future financial results for value, operating expenses, and overall financial risk.

The Standard is structured to allow for professional judgment as to the applicability and relevance of these factors through a range of magnitude for the identified green attributes. This judgment is utilized in a structured fashion in conjunction with a weighting factor to determine the Green Building Underwriting Standard score.

The calculation methodology is simple for real estate finance professionals, underwriters, and appraisers to understand and implement. Underwriters can determine a Green Building Underwriting Standard Score via the following steps:

- STEP 1** Examine the proper LEED/ GreenPoint Rated scorecard to determine if the LEED/ GreenPoint Rated point was achieved
  - LEED New Construction
  - LEED Operations and Maintenance
  - LEED Homes
  - GreenPoint Rated (Single Family and Multifamily New Homes and Single Family Existing Homes)
- STEP 2** Assign a Score to each LEED point as detailed in Sections 12.0 – 14.0
- STEP 3** Multiply this value by the fixed number under the "Adjustment Factor"
- STEP 4** Total the column to derive the score on the Green Building Underwriting Standard

**STEP 1**

**STEP 2**

**STEP 3**

Calculation Methodology – Green Building Underwriting Standard						
Sorted by LEED criteria / building attribute	LEED Point		Value Range		ADJUSTMENT FACTOR	TOTAL
	YES	NO	Low	High		
Site Selection	x		0	1	1	1
Preferred Location & Infrastructure	x		1	3	3	9
Community Resources & Public Transport.	x		0	4	4	12
Heat Island Effect	x		0	1	1	1
Water Efficiency / Use Reduction	x		0	1	3	3
Energy Efficiency	x		1	5	3	15
On-Site Renewable Energy	x		1	3	3	9
Orientation for Solar	x		1	3	2	6
Energy Reduction: Hot Water & Appliances	x		1	3	1.7	5
Indoor Environmental Quality	x		2	3	1	3
Homeowner Education	x		1	3	0.5	1.5
LEED for Neighborhoods	x		1	2	0.5	1.5
Access to Open Space	x		2	3	0.5	1.5
Low VOC	x		2	3	0.5	1.5
Improved Durability	x		2	4	2	8
Reduced Disturbance / Tree Protection	x		2	3	1	3
Non Toxic Pest Control	x		1	5	3	15
Whole System Integrated Planning	x		2	4	1	4
<b>TOTAL POINTS</b>						<b>100</b>
<b>% of Maximum Allowable</b>	<b>100 points maximum</b>					<b>100.00%</b>

**STEP 4**

### 11.1 "ADJUSTMENT FACTOR" DISCUSSION

The Adjustment Factor within the Green Building Underwriting Standard scoring system ranges from a high of 3.0 to a low of 0.5 based on the particular green attribute's financial relevance.

Four attributes – Energy Efficiency, Non-Toxic Pest Control, and Onsite Renewable Energy – were assigned a 3 or 3.4 on the Adjustment Factor, the highest score. This rating is due to the strong financial value of these three green attributes. **The adjustment factors are fixed components of the scoring system and cannot be changed.**

**Energy/Water Efficiency** – Energy and water/sewer is one of the largest expense items within an asset's operating profile. Energy/water efficiency affects both an asset's current financial profile as well as impacts an asset's future risk profile given exposure to volatile energy/water prices.

**Public Transportation Access** – Assets with proximate access to public transportation offer alternative means with which to access the site. Access to public transportation is a high-value amenity as increasing transportation alternatives decreases a site user's overall transportation costs.

**Non Toxic Pest Control** – Misapplication of pesticides, fungicides and rodenticides frequently results in homes being uninhabitable at a total loss. The home is actually classified as a hazardous waste under state and federal law with \$25,000 / day fines to the pesticide applicator.

**Onsite Renewable Energy** – Onsite energy generation capability can reduce an asset's peak load profile used to determine the overall utility rate, lowers the asset's overall grid-based energy use, and reduces risk to future energy price increases and volatility.

The remaining green attributes are assigned an Adjustment Factor in accordance with their impact on financial value and financial risk.

Calculation Methodology – Green Building Underwriting Standard						
Sorted by LEED criteria / building attribute	LEED Point		Value Range		ADJUSTMENT	TOTAL
	YES	NO	Low	High	FACTOR	
Site Selection	x		0	1	1	1
Preferred Location & Infrastructure	x		1	3	3	9
Community Resources & Public Transport.	x		0	4	3	12
Heat Island Effect	x		0	1	1	1
Water Efficiency / Use Reduction	x		0	1	3	3
Energy Efficiency	x		1	5	3	15
On-Site Renewable Energy	x		1	3	3	9
Orientation for Solar	x		1	3	2	6
Energy Reduction: Hot Water & Appliances	x		1	3	1.7	5
Indoor Environmental Quality	x		2	3	1	3
Homeowner Education	x		1	3	0.5	1.5
LEED for Neighborhoods	x		1	2	0.5	1.5
Access to Open Space	x		2	3	0.5	1.5
Low VOC	x		2	3	0.5	1.5
Improved Durability	x		2	4	2	8
Reduced Disturbance / Tree Protection	x		2	3	1	3
Non Toxic Pest Control	x		1	5	3	15
Whole System Integrated Planning	x		2	4	1	4
<b>TOTAL POINTS</b>						<b>100</b>
<b>% of Maximum Allowable</b>	<b>100 points maximum</b>					<b>100.00%</b>

## 12.0 GREEN BUILDING UNDERWRITING STANDARD – SCORING MECHANICS

Based on the green features present at the asset level, these criteria are identified and summarized as to its value impact. Each LEED and GreenPoint Rated criteria identified has a description of underwriting impact. The GreenPoint Rated measures identified in the following sections correspond to the GreenPoint Rated Single Family New Home Rating System. Applicable, equivalent measures for GreenPoint Rated Multifamily New Home and GreenPoint Rated Single Family Existing Home Rating Systems can be found in the **Appendix GreenPoint Rated Measures Associated with CMP Sections** found at the end of Section 16 of this report.

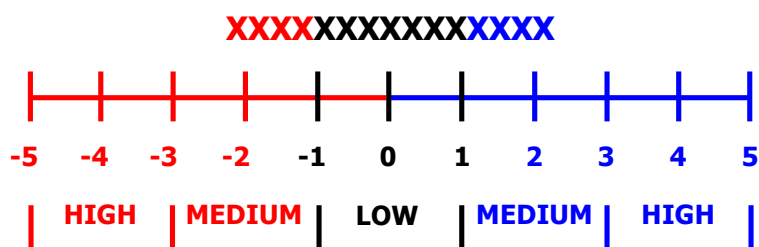
The description is followed by the graphic below denoting a range of impact on value. **Negative** impacts on value are depicted in **red**, **minimal/neutral** value impacts in **black**, and **positive** value impacts in **blue**.

In each graphic, the “XXXX-ed” out area for the value continuum delineates a range which to apply this specific factor to asset underwriting using best professional judgment based on all relevant and/or situational information applicable.

Once these asset-specific features are identified and appropriate value is attributed through a numerical score on the Green Building Underwriting Standard, underwriters can use this information to appropriately assess an asset’s risk profile and determine the CMP Green Value Score.

Once the CMP Green Value Score is derived, it is intended to ride with the asset based on a vintage year. The CMP Green Value Score is applicable to both internal decision making and external reporting to relevant parties including rating agencies, secondary market investors, corporate-level financial and environmental reporting, and other pertinent applications.

If the asset undergoes capital improvements at a future date, the CMP Green Value Score should be recalculated, a new vintage year assigned, and then re-reported accordingly.



## 12.1 FOUR-STEP SCORING PROCESS

The Standard is designed to be straightforward for borrowers and lenders to implement and easily understood by investors, rating agencies and other capital market participants.

### ACQUIRING THE CMP GREEN VALUE SCORE REQUIRES FOUR (4) STEPS:

#### STEP 1 – Secure proper underwriting documentation:

- ENERGY STAR Score / Statement of Energy Performance
- LEED Certification or GreenPoint Rated type and certified scorecard
- Climate Neutral Certification
- Commissioning and/or property inspection report (recommended)

**STEP 2 – Assess the certified LEED or GreenPoint Rated scorecard** for the specific credits attained and assign appropriate value scores.

The example below shows a Green Building Underwriting Score of 70 on the Green Building Underwriting Standard using the LEED scorecard.

Check the Y/N box for points achieved corresponding to the specific LEED/ GreenPoint Rated scorecard

Assign a Score based on the value ranges specified in this Standard corresponding with the LEED/ GreenPoint Rated credit

Multiply the Score by the Adjustment Factor to determine the Total

Calculation Methodology – Green Building Underwriting Standard							
Sorted by Factor Adjustment / Score	LEED Point		Value Range		SCORE	ADJUSTMENT FACTOR	TOTAL
	YES	NO	Low	High			
Non Toxic Pest Control	x		1	5	5	3	15
Community Resources & Public Transport.	x		0	4	3	3	9
Energy Efficiency	x		1	5	4	3	12
Water Efficiency / Use Reduction	x		0	1	1	3	3
Preferred Location & Infrastructure	x		1	3	2	3	6
On-Site Renewable Energy		x	1	3	0	3	0
Improved Durability	x		2	4	3	2	6
Orientation for Solar	x		1	3	3	2	6
Energy Reduction: Hot Water & Appliances	x		1	3	2	1.7	3
Whole System Integrated Planning		x	2	4	0	1	0
Indoor Environmental Quality	x		2	3	3	1	3
Reduced Disturbance / Tree Protection	x		2	3	3	1	3
Heat Island Effect		x	0	1	0	1	0
Site Selection	x		0	1	1	1	1
Homeowner Education		x	1	3	0	0.5	0
LEED for Neighborhoods		x	1	2	0	0.5	0
Access to Open Space	x		2	3	3	0.5	1.5
Low VOC	x		2	3	3	0.5	1.5
<b>TOTAL REVENUE POINTS</b>							<b>70</b>
<b>% of Maximum Allowable</b>	<b>100 points maximum</b>						<b>100.00%</b>

**EXAMPLE – Assigning a Score:** If the LEED scorecard shows that the asset achieved 7 of the possible 10 LEED points under “EA-1 Energy Efficiency”, this asset can be scored a “4” for this credit as shown above. All scores on each credit are based on professional judgment.

### STEP 3 – Determine the CMP Green Value Score:

Information available at this stage should include:

- ENERGY STAR Score / HERS Rating (recall conversion in Section 10.2, page 15)
- Level of LEED certification (none, Certified, Silver, Gold, Platinum) or GreenPoint Rating Score
- Point total on the Green Building Underwriting Standard
- Climate Neutral Certification

**EXAMPLE: CMP Green Value Score = 53**

- 180-unit condo asset
- ENERGY STAR score = 60
- LEED Silver certified
- Not certified as Climate Neutral
- Green Building Underwriting Standard Score = 70 (as seen below)

CMP GREEN SCORE MATRIX	Score	Value Ratio	Adjusted Score
ENERGYSTAR Score / HERS Rating Converted	60	40%	24
Green Building Underwriting Standard Score	70	35%	24
Climate Neutral Certified	YES NO	10% 0%	0
LEED RATING	NONE CERTIFIED SILVER GOLD PLATINUM	0% 2% 5% 10% 15%	5
<b>CMP GREEN SCORE</b>		<b>100%</b>	<b>53</b>

Calculation Methodology – Green Building Underwriting Standard						
Sorted by Factor Adjustment / Score	LEED Point		Value Range		ADJUSTMENT FACTOR	TOTAL
	YES	NO	Low	High		
Non Toxic Pest Control	x		1	5	5	15
Community Resources & Public Transport.	x		0	4	3	9
Energy Efficiency	x		1	5	4	12
Water Efficiency / Use Reduction	x		0	1	1	3
Preferred Location & Infrastructure	x		1	3	2	6
On-Site Renewable Energy		x	1	3	0	0
Improved Durability	x		2	4	3	6
Orientation for Solar	x		1	3	3	6
Energy Reduction: Hot Water & Appliances	x		1	3	1.7	3
Whole System Integrated Planning		x	2	4	0	0
Indoor Environmental Quality	x		2	3	3	3
Reduced Disturbance / Tree Protection	x		2	3	3	3
Heat Island Effect		x	0	1	0	0
Site Selection	x		0	1	1	1
Homeowner Education		x	1	3	0	0
LEED for Neighborhoods		x	1	2	0	0
Access to Open Space	x		2	3	3	1.5
Low VOC	x		2	3	3	1.5
<b>TOTAL REVENUE POINTS</b>						<b>70</b>
<b>% of Maximum Allowable</b>	<b>100 points maximum</b>					<b>100.00%</b>

#### **STEP 4 – FINAL: Include as Due Diligence Exhibit or Appraisal Attachment**

At this point, the following documents should be available for inclusion as an underwriting due diligence report or exhibit to the appraisal:

1. ENERGY STAR Statement of Energy Performance and/or ENERGY STAR certification
2. LEED Certification or GreenPoint Rating and scorecard (if applicable)
3. CMP Green Value Score (see Section 10.2 and Appendix)
4. Green Building Underwriting Standard worksheet (see Section 12.1 and Appendix)
5. Green Building Underwriting Standard Point Credit Evaluation narratives (see Appendix)
6. Commissioning or Inspection report (if applicable)

For each point credit attested to on the Green Building Underwriting Standard, item #5 above requires a brief narrative regarding the score granted for a particular asset feature and reasoning for that score. The following format should apply – see Appendix for examples:

<b>Credit Description:</b>	INSERT NAME OF CREDIT AWARDED
<b>Score Assessed:</b>	INSERT SCORE
<b>Score Range:</b>	_____ Minimum to _____ Maximum
<b>Narrative:</b>	PROVIDE WRITTEN DESCRIPTION INCLUDING RATIONALE FOR SCORE ASSESSMENT

### **USING THE CMP GREEN VALUE SCORE**

**The CMP Green Value Score can be used by the primary market as a risk-management tool for:**

- Loan application review
- Loan committee decision making
- Purchase and sale negotiations

**The CMP Green Value Score can be used by the secondary market as an information point to assess asset quality, 'green' attributes, and overall management quality via:**

#### **I. Portfolio Analysis and Disclosure**

- Pooled debt/equity investment vehicles
- Private equity portfolios

#### **II. Corporate Information Disclosure**

- Private client reporting
- Quarterly or annual financial reports
- Regulatory reports
- Analyst conference calls



## 13.0 UTILITY AND EXPENSE REDUCTIONS

### Background

The following green building attributes demonstrate long term homeowner expense reductions thus inherently adding to the home value. From an investment perspective, homeowners that have more money from fewer expenses therefore have more available revenue to pay the mortgage. This reduces default risk.

### 13.1 WHOLE SYSTEMS INTEGRATIVE PLANNING (WSIP)

#### LEED Integrative Project Planning ID 1.1-1.4

**GreenPoint Rated N2. – Preconstruction kick off meeting with Rater and Subs**

**Climate Neutral § 4.k – WSIP ANSI Standard**

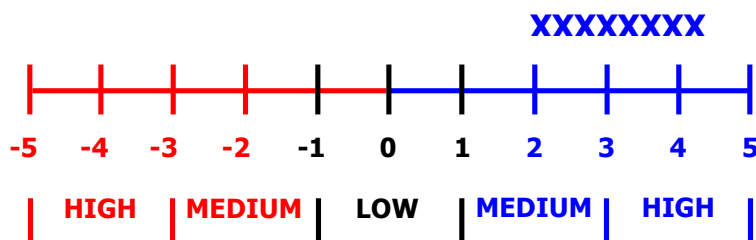
#### Description

Integrative project planning brings together at the start of the process all of the project team, i.e., key professionals involved in home design and construction or refurbishing to identify the level of certification and thus attributes of the green home. The building industry has recognized the efficiency and effectiveness of Integrative Design and is working to incorporate it into all construction, not just green buildings and homes. As example, the Navy experienced 9% fewer change orders from Integrative Design (WSIP ANSI Committee Correspondence 2007). WSIP is applicable to single homes and communities.

Expenses and construction costs are reduced by:

- Reduced construction and operating costs
- Prevented expenses by avoiding repairs from failures, e.g., mold, termite damage, toxic pollution
- Following the ANSI Integrated Design Standard to ensure the benefits are achieved <sup>4</sup>

#### Relative Impact



#### Underwriting Documentation

<sup>4</sup> The integrated design standard is available at  
<http://webstore.ansi.org/FindStandards.aspx?Action=displaydept&DeptID=3144>

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

## 13.2 BUILDING ORIENTATION FOR SOLAR

### LEED ID 1.5

**GreenPoint Rated I2. – Prewire for Photovoltaics**

**GreenPoint Rated J3. – Design and Build Near Zero Energy Home**

**GreenPoint Rated L2. – Thermal Mass Floors**

**GreenPoint Rated O4. – Subdivision Layout & Orientation to Improve Natural Cooling and Passive Solar Attributes**

### Description

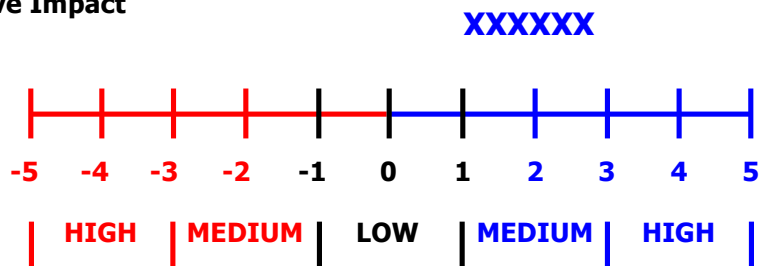
Maximizing solar energy use through simple home design orientation specified in this credit is a valuable addition. Expenses are reduced by:

- Increased availability of natural light thereby reducing overall electricity use
- Managed solar heat gain thereby reducing air conditioning requirements and/or decreasing heating requirements depending on climatic region
- Ensuring roof space is available for photovoltaics

Under GreenPoint Rated there are additional practices available for solar orientation

- Increasing thermal mass for heating and cooling (GreenPoint Rated L2.)
- Designing and building a home that utilizes passive strategies and renewables to meet near-zero energy thresholds and utilizing modeling software to demonstrate performance (GreenPoint Rated J3.)

### Relative Impact



### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

### 13.3 DURABILITY MANAGEMENT

#### LEED ID 2.1-2.3

**GreenPoint Rated B2. – Use Frost-Protected Shallow Foundation in Cold Areas (CEC. Climate Zone 16)**

**GreenPoint Rated B4.– Install a Foundation Drainage System**

**GreenPoint Rated B5. Moisture Controlled Crawlspace**

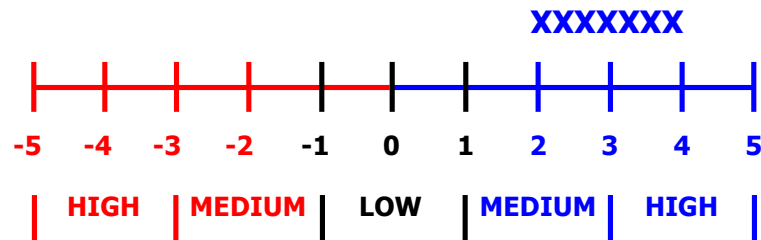
**GreenPoint Rated PN1. – Detailed Durability Plan and Third Party Verification of Plan**

#### Description

These credits improve home performance and durability through the design, materials selection and construction including by controlling moisture. Expenses are reduced by:

- Preventing mold and costly remediation and health risks
- Preventing repairs

#### Relative Impact



#### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

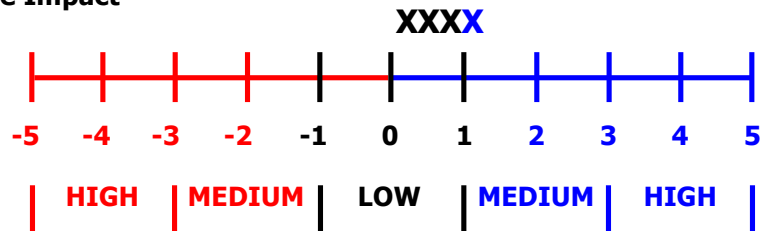
## 13.4 LOCATION AND LINKAGES

### LEED LL-2 – SITE SELECTION

#### Description

LEED LL-2 requires homes to not be built at an elevation at or below the FEMA 100-year flood designation, or within 100' of wetlands, or within 100' of any water. Achieving LEED SS-1 adds to home desirability and expense reduction by positively reducing the homes' flooding potential, evacuation potential stemming from flooding or other storm-related hazards, and also positively impacts its overall loss profile for insurance purposes.

#### Relative Impact



#### Underwriting Documentation

- Analysis / confirmation of LEED certification that includes this credit.

## 13.5 LOCATION AND LINKAGES

### LEED LL-3 – PREFERRED LOCATION

### LEED LL-4 – INFRASTRUCTURE

### GreenPoint Rated O1a. – Project is Located in a Built Urban Setting with Utilities in Place for Fifteen Years

#### Description

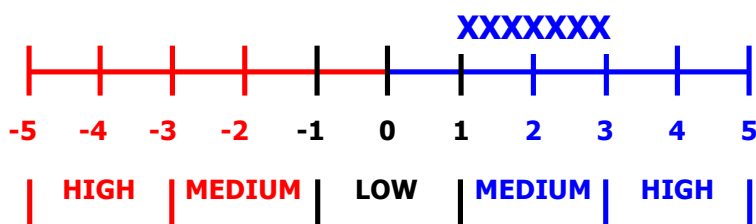
LEED LL-3 requires homes to be located near or within existing communities and LL-4 requires homes to be located on existing water and sewer. GreenPoint Rated O1a. requires a project is located in a developed area where utilities already exist.

Achieving LEED LL-3 positively adds to home desirability and value since they are by nature supply constrained (less available due to limited space). Urban assets in supply-constrained 24/7 cities outperform 'commodity' suburban assets over the long term.<sup>5</sup>

Existing water and sewer can prevent expenses from extended utility services to undeveloped areas, well construction and/ or septic tank installation and maintenance. Value and associated positive revenue impacts are defined by:

- Shortened commutes – time and absolute cost
- Increased neighborhood amenities
- Faster home sale
  - worker attraction / retention
  - Increased demand<sup>6</sup>
- Increased pedestrian access / friendliness

#### Relative Impact



#### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

<sup>5</sup> Korpacz / ULI published cap rates show differences ranging from 100-700+ basis points between urban and suburban office properties; these quarterly reports have consistently reflected a cap rate premium ascribed to urban properties. These factors for commercial realty are also applicable for home value.

<sup>6</sup> In a national survey by Smart Growth America and National Association of Realtors, 6 out of 10 prospective homebuyers chose a higher-density, mixed use community.

## 13.6 LEED LOCATION AND LINKAGES

### LL-5– COMMUNITY RESOURCES / PUBLIC TRANSPORTATION ACCESS

**GreenPoint Rated O1b. – Development is Located within 1/2 Mile of a Major Transit Stop**

**GreenPoint Rated O5a. – Site has Pedestrian Access Within 1/2 Mile of Community Services**

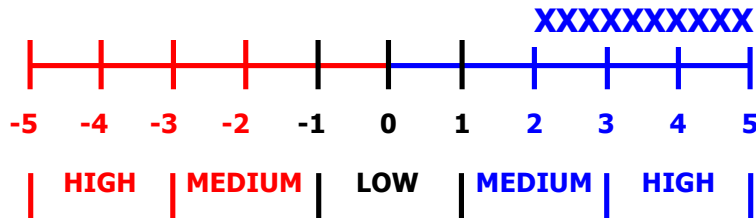
#### Description

Achieving the LEED LL-4.1 and GreenPoint Rated O1b. credits require buildings to be located within ½ mile of an existing or planned-and-funded commuter rail, light rail or a subway station, offering 30 or more rides per weekday.

Community resources are factors such as schools, police, libraries, fire station, post office, restaurants etc. Credit is achieved by being either within a quarter or half mile of a minimum number of resources for LEED 4.1 and within a half mile of 5 or 10 services for GreenPoint Rated. Value and associated positive revenue impacts are defined by:

- Location premium due to transit-oriented development
- Increased commute choices / mass transit connectivity
- Increased site access

#### Relative Impact



#### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

### 13.7 LOCAL HEAT ISLAND EFFECT

#### LEED SS-3

#### GreenPoint Rated A4. – Cool Site GreenPoint Rated C5. – Plant Shade Trees

##### Description

Designing landscape features reducing heat island effects can substantially reduce air conditioning needs saving expenses. This credit requires trees and local plantings and high albedo surfaces for 50% of sidewalks, driveways, patios and within 50 feet of the home.

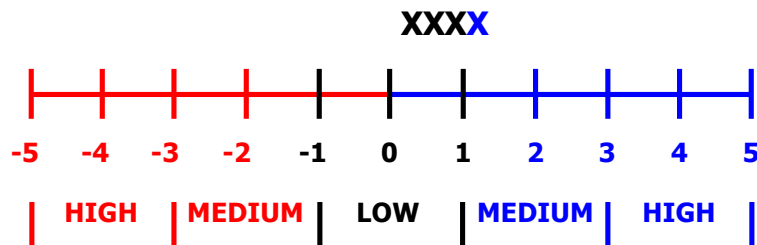
Under GreenPoint Rated there are additional requirements for these measures including

- High albedo for 30% of the non roof surfaces for GreenPoint Rated A4
- Shading 50% of the east, west and south sides of the home for GreenPoint Rated C5

Value and associated positive revenue impacts are defined by:

- Reduced summer utilities
- Increased neighborhood desirability

##### Relative Impact



##### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.



## 13.8 NON-TOXIC PEST CONTROL

### LEED SS-5

**GreenPoint Rated B6a. – Install Termite Shields & Separate All Exterior Wood-to-Concrete Connections by Metal or Plastic Fasteners/Dividers**  
**GreenPoint Rated B6b. – All New Plants Have Trunk, Base, or Stem Located At Least 36 Inches from Foundation**

**GreenPoint Rated PD1a. – Locate All Wood (Siding, Trim, Structure) At Least 12" Above Soil**

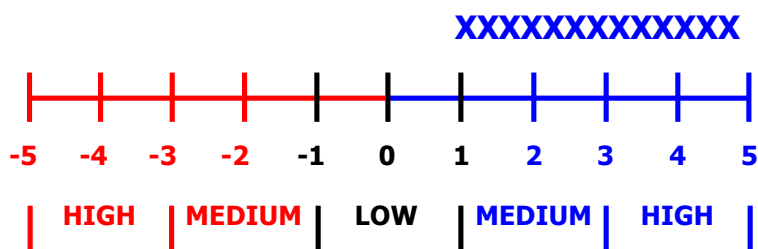
**GreenPoint Rated PD1b. – All Wood Framing 3 Feet from the Foundation is Treated with Borates (or Use Factory-Impregnated Materials) OR Walls are Not Made of Wood**

### Description

Designing home to minimize or eliminate the needs for poisons for pest control including rodents, pests and termites, through barriers, sealing and non toxic treatment. Conventional poison application frequently is misapplied inconsistent with the label rendering many homes uninhabitable and classified as hazardous waste. The incidence is frequent enough that substantial local government regulation of applicators has been initiated. Value and associated positive revenue impacts are defined by:

- Preventing very costly long term repairs, remediation, health hazards, temporary and permanent evacuation and litigation costs.

### Relative Impact



### Underwriting Documentation

- Analysis / confirmation of LEED certification/GreenPoint Rating that includes this credit.

### **13.9 WATER EFFICIENCY**

**LEED Water Efficiency WE-3.1 – 20% Water Use Reduction**

**LEED Water Efficiency WE-3.2 – 30% Water Use Reduction**

**LEED Water Efficiency WE-1.0 – Water Reuse**

**LEED Water Efficiency WE-2.1 – High Efficiency Irrigation**

**LEED Water Efficiency WE-2.3 – Reduced Irrigation**

**GreenPoint Rated C1. – Group Plants by Water Needs (Hydrozoning)**

**GreenPoint Rated C4. – Minimize Turf Areas in Landscape Installed by Builder**

**GreenPoint Rated C6. – Install High-Efficiency Irrigation Systems**

**GreenPoint Rated C8. – Rain Water Harvesting System**

**GreenPoint Rated C9. – Irrigation System Uses Recycled Water**

**GreenPoint Rated G2. – Install Water Efficient Fixtures**

**GreenPoint Rated G3. – Install Only High Efficiency Toilets (Dual-Flush or  $\leq 1.28$  gpf)**

**GreenPoint Rated PG2. – Graywater System Operational**

**GreenPoint Rated PG4. – Composting or Waterless Toilet**

**EPA WaterSense Certification**

#### **Description**

LEED WE-3.1 and WE-3.2 and GreenPoint Rated G2 require the asset to achieve significantly lower water consumption. These LEED points only apply to interior water use including water closets, urinals, lavatory faucets, showers and kitchen sinks; it excludes irrigation.

WE-1.0 and GreenPoint Rated C8, C9, and PG2 use water reuse to save on usage. WE-2-1 through 2-4 and GreenPoint Rated C4 and C6 employ a variety of practices reducing outdoor irrigation needs thus saving water including drought tolerant turf, limiting conventional turf, and irrigation systems reducing water use by at least 20%.

Important considerations for including water use reduction are potential impacts on the water utility rates over the life of a homeowner's occupancy.

Specific considerations include:

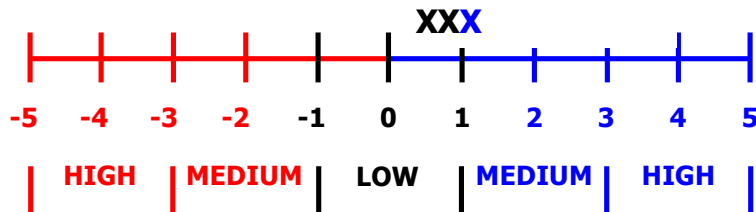
1. Data on past five years of specific municipality pricing history
2. A municipalities' current freshwater access and near-term need for infrastructure projects to acquire new supplies
3. Near-term wastewater treatment infrastructure needs
4. A utility's recent move or desire to change rate structure from a flat rate to Volume Usage Pricing charge mechanism.
5. Enforcement or other regulatory action significantly increasing rates such as total maximum daily load requirements under the Clean Water Act.
6. Regional pervasive droughts affecting rates such as in Atlanta and Las Vegas.

Important macro considerations include:

- Over the past five years, municipal water rates have increased of 27% in the US, 32% in the UK, and 45% in Australia (average).
- The US currently ranks 14<sup>th</sup> in the world on municipal water costs; Germany's municipal water utility charges are 350% higher than the US and the UK is 300% higher.
- In certain regions, climate change has increased aridity and the premium for new water supplies including Atlanta and Las Vegas. Continued severe pressure on water supplies in these regions could affect building permits. See *Creating Economic Stimulus and Stopping Climate Credit Risk / Irreversibility* (Capital Markets Partnership 2008).

Underwriters should look for building technologies and strategies that include high-efficiency fixtures, dual-flush water closets, waterless urinals, occupant sensors on wash basins, and faucet aerators. Additional strategies include reusing stormwater / greywater for non-potable applications (toilet / urinal flushing). The expense reduction benefit to homeowners stem from reduced exposure to water price increases, future price volatility, and water access issues.

#### Relative Impact



#### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit
- Achievement of EPA Water Sense certification

## 13.10 ENERGY EFFICIENCY

### LEED Energy and Atmosphere EA-1 – Energy Efficiency

#### GreenPoint Rated J1. – Building Envelope Diagnostics

#### GreenPoint Rated J2. – Design and Build Energy Efficient Homes - 15% above Title 24

#### Climate Neutral Certification

#### ENERGY STAR Certification

### Description

Homeowners achieving one or more of the LEED EA-1 or GreenPoint Rated J1 and J2. point credits have invested capital in aspects of building envelope insulation, lighting strategies, and/or HVAC systems that reduce the asset's overall energy use and expense profile. These investments provide a lower total occupancy cost. Climate Neutral Certified homes have no reliance on conventional energy; onsite renewable energy provides the greatest value followed by greater than 5 year renewable power grid contracts. Climate Neutral homes require as a prerequisite energy efficiency improvements.

As a result, these homes should command higher value through lower expenses and reducing exposure to long term energy price volatility taking into account documented impacts from climate change and global depletion.

Homes that fail to achieve certification for energy efficiency attributes will experience higher operating expenses and an overall higher total cost of occupancy that should hinder their market competitiveness at time of sale.

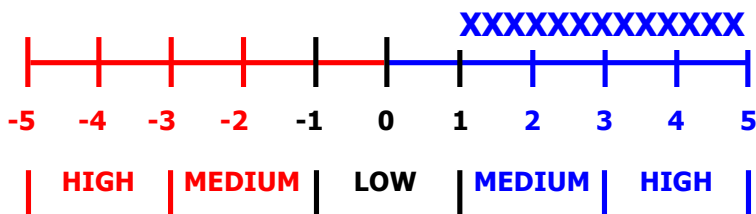
For LEED, there is an alternate compliance path for this credit which consists of the following prerequisites:

- Insulation EA 2
- Air infiltration EA 3
- Windows EA 4
- Duct Tightness EA 5
- Space Heating and Cooling EA 6

Value and associated positive revenue impacts are defined by:

- Higher sale price due to reduced energy/operational costs
- Reduced exposure to future energy price volatility
- Reduced overall occupancy costs
- Faster sale

### Relative Impact



### **Underwriting Documentation**

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit
- Climate Neutral Home Certification
- ENERGY STAR Certification

### 13.11 ENERGY REDUCTION: HOT WATER AND APPLIANCES

**LEED EA-7 – Domestic Hot Water**

**LEED EA 8 – Lighting Efficiency**

**LEED EA-9 – Appliance Efficiency**

**GreenPoint Rated G1b-d. – Distribute Domestic Hot Water Efficiently**

**GreenPoint Rated H9a. – Install ENERGY STAR Ceiling Fans & Light Kits in Living Areas & Bedrooms**

**GreenPoint Rated M1. – Install ENERGY STAR Dishwasher**

**GreenPoint Rated M2. – Install ENERGY STAR Clothes Washing Machine with Water Factor of 6 or Less**

**GreenPoint Rated M3. – Install ENERGY STAR Refrigerator**

**GreenPoint Rated M5. – Install High-Efficacy Lighting**

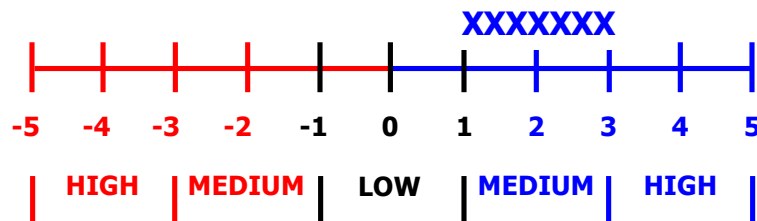
#### Description

These optional LEED and GreenPoint Rated credits cover efficient hot water heating and distribution, ENERGY STAR Lighting and Advanced ENERGY STAR Lighting, and ENERGY STAR Appliances. These activities all reduce energy use.

ENERGY STAR lighting and appliances need to be replaced with ENERGY STAR lighting and appliances in order for the cost saving benefits to continue beyond the initial product cycle when the lighting or appliance has to be replaced. Value and associated positive cost saving impacts are defined by:

- Reduced annual energy costs
- Reduced exposure to future utility cost price volatility
- Reduced downtime risk due to grid failures
- Reduced dependency on conventional energy
- Exposure to reduced grid-based energy availability for future needs

#### Relative Impact



#### Underwriting Documentation

Analysis / confirmation of LEED certification/ GreenPoint Rating that includes these credits.

### 13.12 EDUCATION LEED AE-1 – HOMEOWNER EDUCATION

#### GreenPoint Rated N4. – Develop Homeowner Manual of Green Features/Benefits and Conduct Walkthroughs

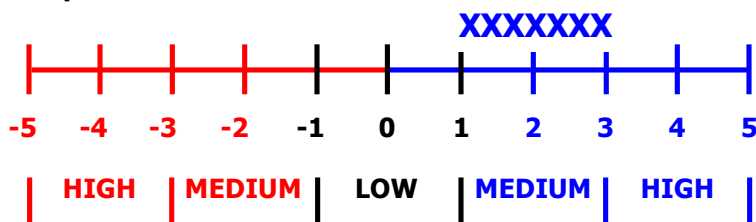
##### Description

Basic operations training is a prerequisite whereby the homeowner is given an operations manual on equipment, occupant activities and choices, and a one hour walkthrough covering equipment, operations and maintenance.

There are also two optional credits: Enhanced Training and Public Awareness/ Education. Value and associated positive cost saving impacts are defined by:

- Reduced annual energy costs
- Reduced exposure to future utility cost price volatility
- Reduced downtime risk due to grid failures
- Reduced dependency on conventional energy
- Exposure to reduced grid-based energy availability for future needs

##### Relative Impact



##### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit

## 14.0 OTHER POSITIVE VALUE ATTRIBUTES

### 14.1 ONSITE RENEWABLE POWER

#### LEED EA-10 – On-Site Renewable Energy

##### Climate Neutral Onsite Green-e Power

#### GreenPoint Rated I3. – Offset source energy consumption (solar PV, solar thermal, wind)

##### Description

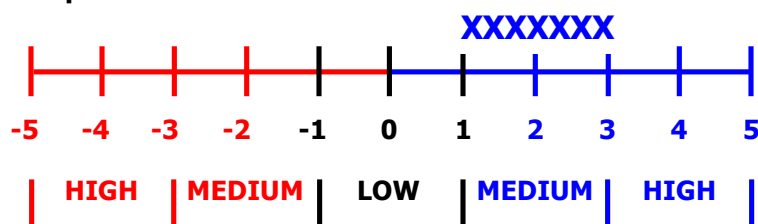
Successful achievement of the LEED EA-10 credit, GreenPoint Rated measures and/or Green-e renewable power in Climate Neutral Certified buildings requires buildings to implement Green-e onsite renewable energy generation including solar, wind, hot and cold geothermal, low-impact hydro, biomass and bio-gas strategies.

Benefits of onsite energy generation capabilities include reducing the asset's peak load profile which can be used to determine the overall utility rate, as well as reducing the asset's overall usage amount.

In addition, onsite energy production reduces the owners' exposure to long term energy price volatility thereby smoothing out operating cost fluctuations which result in lowered risk of credit default on debt obligations, e.g., foreclosure. Value and associated positive revenue impacts are defined by:

- Reduced annual energy costs – rate and amount
- Reduced exposure to future utility cost price volatility
- Reduced downtime risk due to grid failures
- Reduced dependency on conventional energy
- Exposure to reduced grid-based energy availability for future needs

##### Relative Impact



##### Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit
- Climate Neutral Certification showing onsite Green-e Power generation equal to 3% or greater of total consumption

## 14.2 LEED-LL1 NEIGHBORHOOD DEVELOPMENT



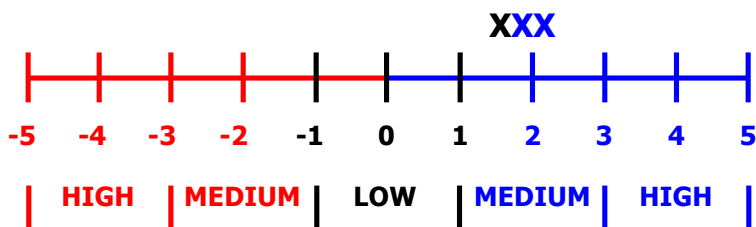
## Description

LEED ND minimizes the neighborhood impact of land development through certification. LEED ND amenities include walk to open space, universal access, car free areas, walkable neighborhoods, neighborhood stormwater systems, wastewater treatment and food production.

Value and associated positive revenue impacts are defined by:

- Overall increase in quality of life from added amenities
- Increased occupant satisfaction and productivity
- Increased likelihood of higher home resale value

## Relative Impact



## Underwriting Documentation

- Analysis / confirmation of LEED certification that includes this credit

### 14.3 LEED LL6 – ACCESS TO OPEN SPACE

#### **GreenPoint Rated O5b. – Development is Connected with A Dedicated Pedestrian Pathway to Places of Recreational Interest within 1/4 mile**

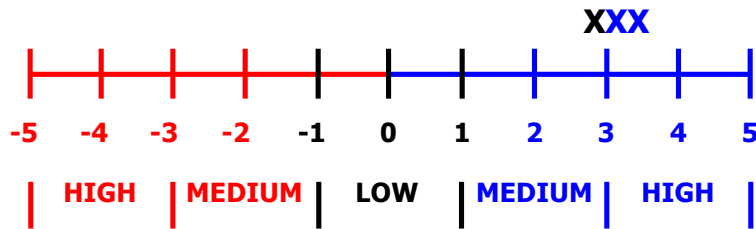
##### **Description**

Credit is awarded for homes within 1/2 miles of publicly accessible or community natural open space at least 1/4 acre in size. This type of open space is a home locational attribute making it more attractive to buyers.

Value and associated positive revenue impacts are defined by:

- Overall increase in quality of life from added amenities
- Increased occupant satisfaction and productivity
- Reduced smog
- Increased occupant satisfaction and productivity
- Increased likelihood of higher home resale value

##### **Relative Impact**



##### **Underwriting Documentation**

Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit

#### **14.4 LOW VOC MATERIALS**

**LEED-MR 2: Table 25 – Interior walls, ceilings, and millwork**

**LEED-MR 2: Table 26 – Low emission adhesives and sealants**

**Small Chamber Testing – Roofs, floors and walls**

**GreenPoint Rated B1. – Replace Portland Cement in Concrete with Recycled Flyash or Slag (20% or more)**

**GreenPoint Rated D5. – Use FSC-Certified Wood**

**GreenPoint Rated D6. – Use Solid Wall Systems (Includes SIPS, ICFs, & Any Non-Stick Frame Assembly)**

**GreenPoint Rated F1. – Install Insulation with 75% Recycled Content**

**GreenPoint Rated K2. – Use Low-VOC or Zero-VOC Paint**

**GreenPoint Rated K3. – Use Low VOC, Water-Based Wood Finishes**

**GreenPoint Rated K4. – Use Low-VOC Caulk and Construction Adhesives (SCAQMD rule 1168) for All Adhesives**

**GreenPoint Rated K6. – Use Environmentally Preferable Materials for Interior Finish**

**GreenPoint Rated K7. – Reduce Formaldehyde in Interior Finish**

**GreenPoint Rated L1. – Use Environmentally Preferable Flooring for a Percentage of Floor Area: A) FSC-Certified Wood, B) Reclaimed or Refinished, C) Rapidly Renewable, D) Recycled-Content, E) Exposed Concrete, F) Local. Flooring Adhesives Must Meet SCAQMD Rule 1168 for VOCs.**

**GreenPoint Rated L3. – Flooring Meets Section 01350 (Floor Score, CRI Green Label Plus Requirements)**

**GreenPoint Rated PD3. – Use FSC Certified Engineered Lumber**

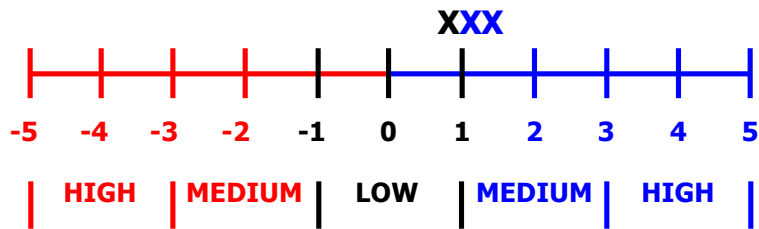
#### **Description**

Volatile organic compounds (VOCs) are toxic and adversely affect indoor air quality and occupant health at the asset level. VOC's at time of manufacture, installation, and ongoing use also result in increased outdoor smog which has substantial adverse health impacts and is thus regulated under the Clean Air Act and comparable State and local statutes.

Emissions occur substantially upon product purchase, but some VOCs can continue to release over time at levels causing continued health hazards. Value and associated positive revenue impacts are defined by:

- Quantifiably higher indoor air quality
- Increased occupant satisfaction, productivity and health
- Increased likelihood of higher home resale value
- Reductions to the negative externality of smog

#### **Relative Impact**



### Underwriting Documentation

Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit.

**14.5 INDOOR ENVIRONMENTAL QUALITY / VENTILATION / IAQ EFFECTIVENESS**

**LEED EQ-1 – ENERGY STAR w/ IAP**

**EQ 2 – Combustion Venting**

**EQ 3 – Moisture Control**

**EQ 4 – Outdoor Air Ventilation**

**EQ 5 – Local Exhaust**

**EQ 6 – Distribution of Space Heating and Cooling**

**EQ 7 – Air Filtering**

**EQ 8 – Contaminant Control**

**EQ 9 – Radon Protection**

**EQ 10 – Garage Pollutant Protection**

**Climate Neutral § 4 d – Ensuring Clean Fresh Air Flow**

**GreenPoint Rated A5. – Construction Indoor Air Quality (IAQ) Management Plan, Duct Sealing, and Pre-Occupancy Flush-Out**

**GreenPoint Rated B3. – Use Radon Resistant Construction**

**GreenPoint Rated D8. – Reduce Pollution Entering the Home from the Garage**

**GreenPoint Rated H1. – Design and Diagnostic Testing of HVAC System**

**GreenPoint Rated H2. –Install Sealed Combustion Units**

**GreenPoint Rated H5c. – Pressure Relieve the Ductwork System**

**GreenPoint Rated H6. – Install High Efficiency HVAC Filter (MERV 6+)**

**GreenPoint Rated H7. – Don't Install Fireplaces or Install Sealed Gas Fireplaces with Efficiency Rating NOT Less Than 60% using CSA Standards**

**GreenPoint Rated H8. – Install ENERGY STAR Bathroom Fans Vented to the Outside, on Timer or Humidistat**

**GreenPoint Rated H9. – Install Mechanical Ventilation System for Cooling**

**GreenPoint Rated H10. – Advanced Mechanical Ventilation for IAQ**

**GreenPoint Rated H11. – Install Carbon Monoxide Alarm(s)**

**GreenPoint Rated J1d. – House Passes Combustion Safety Backdraft Test**

**GreenPoint Rated J4. – Obtain EPA Indoor Air Plus Certification**

**GreenPoint Rated K1. – Design Entryways to Reduce Tracked in Contaminants**

**GreenPoint Rated PH1. – Humidity Control Systems (only in California humid/marine climate zones 1,3,5,6,7)**

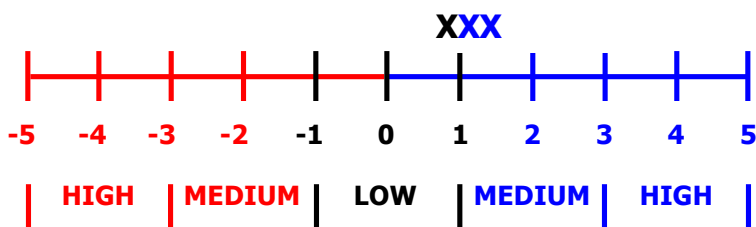
## Description

These LEED and GreenPoint Rated credits increase clean outdoor air into the home and minimize indoor air pollution. Air recirculation in mechanical systems represents a significant health hazard in the built environment by recirculating potentially polluted air. 100% outside air intake creates a safer and healthier indoor environment by eliminating the recirculation and cross-contamination of airborne contaminants from occupants and other indoor sources.

Value and associated positive revenue impacts are defined by:

- Quantifiably higher indoor air quality
- Reduced indoor air CO2 concentrations
- Increased occupant satisfaction, productivity and health
- Increased likelihood of higher value and sale price

## Relative Impact



## Underwriting Documentation

- Analysis / confirmation of LEED certification/ GreenPoint Rating that includes this credit

## 14.6 LEED-SS 1.2 Site Stewardship: Tree Planting and Preservation

**GreenPoint Rated A1. – Protect Topsoil and Minimize Disruption of Existing Plants & Trees**

**GreenPoint Rated C5. – Plant Shade Trees**

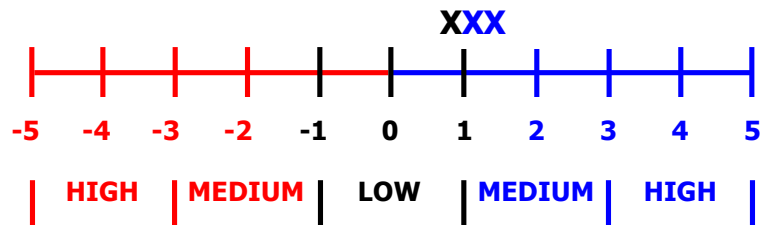
### Description

This optional credit provides enhanced home aesthetic value, erosion protection, and heat island reduction. Added trees also promote climate protection.

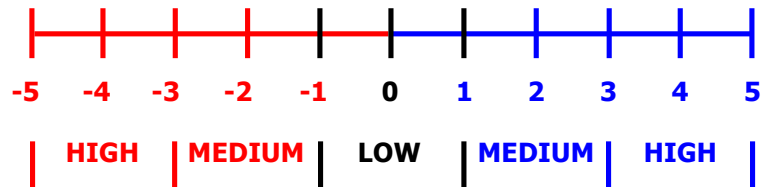
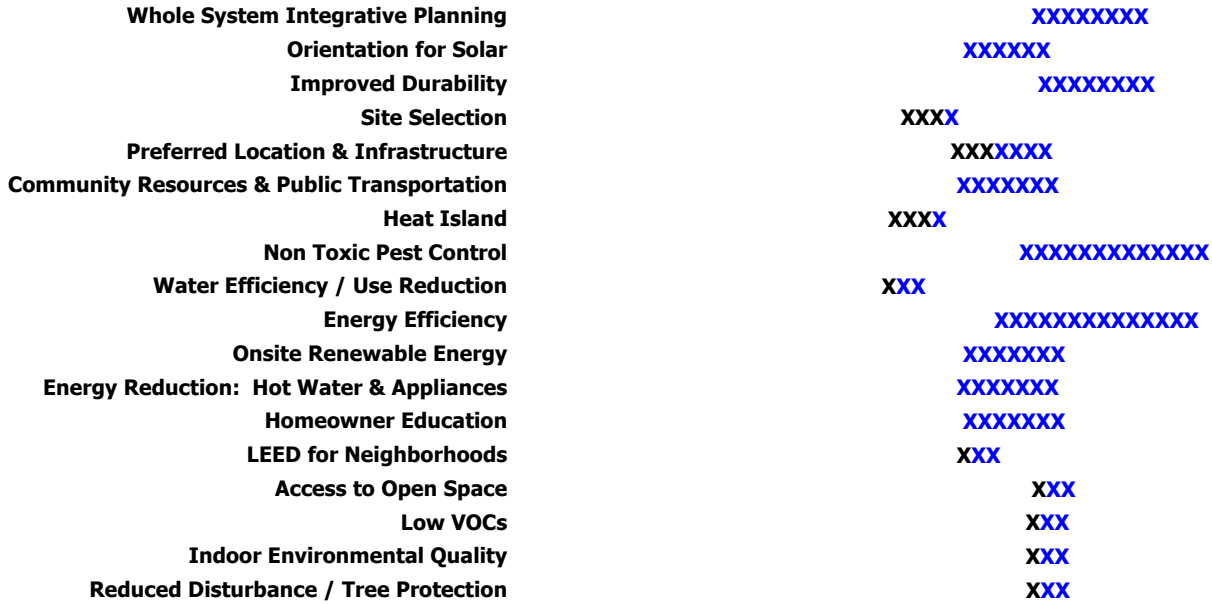
Value and associated positive revenue impacts are defined by:

- Enhanced site beauty and value
- Lower cooling expenses from reduced heat island
- Increased likelihood of higher value and sale price

### Relative Impact



## 15.0 SUMMARY: RESIDENTIAL ASSET ATTRIBUTE ANALYSIS





## **16.0 MANDATORY REVISION**

This Standard must be updated and/or amended at minimum every four years, including a minimum review by the Capital Markets Partnership Underwriting Committee every two years.

## APPENDIX – GREENPOINT RATED MEASURES ASSOCIATED WITH CMP SECTIONS

CMP Section Number	Single Family New Home Measure	Multifamily New Home Measure	Existing Home Single Family Measure
13.1	<b>N2. Pre-construction kick-off meeting with rater and subs</b>	N5	
13.2	<b>J3. Design and Build Zero Energy Homes (Use of Building America, Passive House, or equivalent program required for credit)</b>	J3	
13.2	<b>I2. Install Wiring Conduit for Future Photovoltaic Installation &amp; Provide 200 ft<sup>2</sup> of South-Facing Roof</b>		
13.2	<b>L2. Thermal Mass Floors (50% or more)</b>	AA7c	L2
13.2	<b>O4. Subdivision Layout &amp; Orientation to Improve Natural Cooling and Passive Solar Attributes</b>		
13.3	<b>B2. Use Frost-Protected Shallow Foundation in Cold Areas (CEC. Climate Zone 16)</b>		
13.3	<b>B4. Install a Foundation Drainage System</b>		B3b
13.3	<b>B5. Moisture Controlled Crawlspace</b>		B3a
13.3	PN1. Detailed Durability Plan and Third-Party Verification of Plan Implementation		
	<b>O1. Develop Infill Sites</b>		
13.5	O1a. Project is Located in a Built Urban Setting with Utilities in Place for Fifteen Years	AA1a	AA1a
13.6	O1b. Development is Located within 1/2 Mile of a Major Transit Stop	AA3bi-iii	AA1b
13.6	<b>O5. Design for Walking &amp; Bicycling</b>		
13.6	a. Site has Pedestrian Access Within 1/2 Mile of community services: TIER 1: 1) Day Care 2) Community Center 3) Public Park 4) Drug Store 5) Restaurant 6) School 7) Library 8) Farmer's Market 9) After School Programs 10) Convenience Store Where Meat & Produce are Sold TIER 2: 1) Bank 2) Place of Worship 3) Laundry/Cleaners 4) Hardware 5) Theater/Entertainment 6) Fitness/Gym 7) Post Office 8) Senior Care Facility 9) Medical/Dental 10) Hair Care 11) Commercial Office or Major Employer 12) Full Scale Supermarket	AA3a	AA3a
13.7	<b>A4. Cool Site: Reduce heat island effect on 50% of site with a) light-colored, high albedo materials (solar reflectance index <math>\geq 0.3</math>) b) shading on hardscapes AND/OR c) covered parking</b>	A5	PA1
13.7	<b>C5. Plant Shade Trees</b>		C4
13.8	<b>B6. Design and Build Structural Pest Controls</b>		
13.8	a. Install Termite Shields & Separate All Exterior Wood-to-Concrete Connections by Metal or Plastic Fasteners/Dividers	D2	B5

CMP Section Number	Single Family New Home Measure	Multifamily New Home Measure	Existing Home Single Family Measure
13.8	b. All New Plants Have Trunk, Base, or Stem Located At Least 36 Inches from Foundation		B5b
13.8	<b>PD1. Design, Build and Maintain Structural Pest and Rot Controls</b>		
13.8	a. Locate All Wood (Siding, Trim, Structure) At Least 12" Above Soil		PD1a
13.8	b. All Wood Framing 3 Feet from the Foundation is Treated with Borates (or Use Factory-Impregnated Materials) OR Walls are Not Made of Wood		PD1b
13.9	<b>C1. Group Plants by Water Needs (Hydrozoning)</b>	B1c	C5
13.9	<b>C4. Minimize Turf Areas in Landscape Installed by Builder</b>	B1b	C3
13.9	<b>C6. Install High-Efficiency Irrigation Systems</b>	B1d	C6
13.9	<b>C8. Rain Water Harvesting System</b> (1 point for ≤350 gallons, 2 points for > 350 gallons)	B2b	C11
13.9	<b>C9. Irrigation System Uses Recycled Water</b>	B2a	PC1
13.9	<b>G2. Install Water Efficient Fixtures</b>	G1	G3
13.9	<b>G3. Install Only High Efficiency Toilets (Dual-Flush or ≤1.28 gpf)</b>	G1a.	G2.
13.9	PG2. Graywater System Operational (includes washing machine at minimum)		PG2
13.9	PG4. Composting or Waterless Toilet		PG4
13.10	<b>J1. Building Envelope Diagnostic Evaluations</b>		
13.10	a. Inspect Quality of Insulation Installation & Thermal Bypass before Drywall	J2c	F3
13.10	b. House Passes Blower Door Test	J2b	J3
13.10	<b>J2. Design and Build Energy Efficient Homes - 15% above Title 24 - Required</b>	J1	J3
13.11	<b>G1. Distribute Domestic Hot Water Efficiently</b>	G2	
13.11	<b>H9. Install Mechanical Ventilation System for Cooling</b>		
13.11	a. Install ENERGY STAR Ceiling Fans & Light Kits in Living Areas & Bedrooms	H3bi	H10a
13.11	b. Install Whole House Fan with Variable Speeds	H3bii	H10b
13.11	c. Automatically Controlled Integrated System		
13.11	d. Automatically Controlled Integrated System with Variable Speed Control		
13.11	<b>M1. Install ENERGY STAR Dishwasher (total 1 point)</b>	M1a	M1a
13.11	<b>M2. Install ENERGY STAR Clothes Washing Machine with Water Factor of 6 or Less</b>	M1b	M2
13.11	<b>M3. Install ENERGY STAR Refrigerator</b>	M1c	M3
13.11	<b>M5. Install High-Efficacy Lighting</b>	M7	M7
13.12	<b>N4. Develop Homeowner Manual of Green Features/Benefits and Conduct Walkthroughs</b>	N1b	
14.1	<b>I3. Offset source energy consumption (solar PV, solar thermal, wind): Enter % total energy consumption offset</b>	I1 and I2	I1 and I2
14.3	O5b. Development is Connected with A Dedicated Pedestrian Pathway to Places of Recreational Interest within 1/4 mile	AA5c	AA3b

CMP Section Number	Single Family New Home Measure	Multifamily New Home Measure	Existing Home Single Family Measure
14.4	<b>B1. Replace Portland Cement in Concrete with Recycled Flyash or Slag (20% or more)</b>	D1	B1
14.4	<b>D5. Use FSC-Certified Wood</b>	D5	D3
14.4	<b>D6. Use Solid Wall Systems (Includes SIPS, ICFs, &amp; Any Non-Stick Frame Assembly)</b>	D7	D4
14.4	<b>F1. Install Insulation with 75% Recycled Content</b>	F1b	F1
14.4	<b>K2. Use Low-VOC or Zero-VOC Paint (Maximum 3 Points)</b>	K3	K2
14.4	<b>K3. Use Low VOC, Water-Based Wood Finishes (SCAQMD Rule 1113)</b>	K3	K3
14.4	<b>K4. Use Low-VOC Caulk and Construction Adhesives (SCAQMD rule 1168) for All Adhesives</b>	K4	K4
14.4	<b>K6. Use Environmentally Preferable Materials for Interior Finish: A) FSC-Certified Wood, B) Reclaimed, C) Rapidly Renewable, D) Recycled-Content or E) Finger-Jointed F) Local</b>	K5	K6
14.4	<b>K7. Reduce Formaldehyde in Interior Finish (CA Section 01350, .027ppm)</b>	K6	K7
14.4	<b>L1. Use Environmentally Preferable Flooring for a Percentage of Floor Area: A) FSC-Certified Wood, B) Reclaimed or Refinished, C) Rapidly Renewable, D) Recycled-Content, E) Exposed Concrete, F) Local. <i>Flooring Adhesives Must Meet SCAQMD Rule 1168 for VOCs</i></b>	L1	L1
14.4	<b>L3. Flooring Meets Section 01350 (Floor Score, CRI Green Label Plus Requirements)</b>	L2	L3
14.4	<b>PD3. Use FSC Certified Engineered Lumber (3 points maximum)</b>	PD1	PD3
14.5	<b>A5. Construction Indoor Air Quality (IAQ) Management Plan, Duct Sealing, and Pre-Occupancy Flush-Out</b>	A3	A3
14.5	<b>B3. Use Radon Resistant Construction</b>		B6
14.5	<b>D8. Reduce Pollution Entering the Home from the Garage</b>	H4	H5
14.5	<b>H1. Design and Diagnostic Testing of HVAC System</b>		
14.5	a. Design and Install HVAC System to ACCA Manual J, D, and S Recommendations		H2
14.5	b. Test Total Supply Air Flow Rates		H1c
14.5	c. Third party testing of mechanical ventilation rates for IAQ (meet ASHRAE 62.2)		
14.5	<b>H2. Install Sealed Combustion Units</b>		H3
14.5	H5c. Pressure Relieve the Ductwork System		H6d
14.5	<b>H6. Install High Efficiency HVAC Filter (MERV 6+)</b>		H7
14.5	<b>H7. Don't Install Fireplaces or Install Sealed Gas Fireplaces with Efficiency Rating NOT Less Than 60% using CSA Standards</b>		H8
14.5	<b>H8. Install ENERGY STAR Bathroom Fans Vented to the Outside, on Timer or Humidistat</b>	H3ci	H9a&B
14.5	<b>H10. Advanced Mechanical Ventilation for IAQ</b>		H11
14.5	<b>H11. Install Carbon Monoxide Alarm(s)</b>		H12b
14.5	J1d. House Passes Combustion Safety Backdraft Test		H13

CMP Section Number	Single Family New Home Measure	Multifamily New Home Measure	Existing Home Single Family Measure
14.5	<b>J4. Obtain EPA Indoor Air Plus Certification</b>		
14.5	<b>K1. Design Entryways to Reduce Tracked in Contaminants</b>	K1	K1
14.5	<b>PH. Heating, Ventilation, and Air Conditioning</b>		
14.5	1. Humidity Control Systems (only in California humid/marine climate zones 1,3,5,6,7)		PH1
14.6	<b>A1. Protect Topsoil and Minimize Disruption of Existing Plants &amp; Trees</b>	A1	A1
14.6	<b>C5. Plant Shade Trees</b>		C4

## APPENDIX – BLANK SCORECARDS

Calculation Methodology – Residential Green Building Underwriting Standard						
Sorted by Factor Adjustment / Score	LEED/Green Point Rated		Value Range		SCORE	ADJUSTMENT FACTOR
	YES	NO	Low	High		
Non Toxic Pest Control			1	5		3
Community Resources & Public Transport.			0	4		3
Energy Efficiency			1	5		3
Water Efficiency / Use Reduction			0	1		3
Preferred Location and Infrastructure			1	3		3
On-Site Renewable Energy			1	3		3
Improved Durability			2	4		2
Orientation for Solar			1	3		2
Energy Reduction: Hot Water & Appliances			1	3		1.7
Whole System Integrated Planning			2	4		1
Indoor Environmental Quality			2	3		1
Reduced Disturbance / Tree Protection			2	3		1
Heat Island Effect			0	1		1
Site Selection			0	1		1
Homeowner Education			1	3		0.5
LEED for Neighborhoods			1	2		0.5
Access to Open Space			2	3		0.5
Low VOC			2	3		0.5
TOTAL POINTS						
% of Maximum Allowable						100 points maximum

**CMP GREEN VALUE SCORE FORMULA**

<b>CMP GREEN VALUE SCORE MATRIX</b>	<b>Score</b>	<b>Value Ratio</b>	<b>Adjusted Score</b>
<b>ENERGY STAR Yardstick Score / Converted HERS Rating</b>		<b>40%</b>	
<b>Green Building Underwriting Standard Score</b>		<b>35%</b>	
<b>Climate Neutral Certified</b>	<b>YES NO</b>	<b>10% 0%</b>	
<b>LEED/ GreenPoint RATING</b>	<b>NONE</b> <b>CERTIFIED/ 50-94 GPR</b> points <b>SILVER/ 95-149 GPR</b> points <b>GOLD/ 150-209 GPR</b> points <b>PLATINUM/210+GPR</b> points	<b>0%</b> <b>2%</b> <b>5%</b> <b>10%</b> <b>15%</b>	
<b>CMP GREEN VALUE SCORE</b>		<b>100%</b>	

**HERS Rating Conversion Table**

	<b>Score</b>
<b>100</b>	<b>50</b>
<b>90</b>	<b>55</b>
<b>80</b>	<b>60</b>
<b>70</b>	<b>65</b>
<b>60</b>	<b>75</b>
<b>50</b>	<b>85</b>
<b>40</b>	<b>95</b>
<b>39 and below</b>	<b>100</b>

## **CMP GREEN VALUE SCORE POINT CREDIT EVALUATION REPORT**

For each point credit attested to on the Green Building Underwriting Standard, provide a brief Credit Evaluation Report for each credit with the score granted and the reasoning for that score. The following format should apply for all credits awarded – see both below and next page for examples:

<b>Credit Description:</b>	INSERT NAME OF CREDIT AWARDED
<b>Score Assessed:</b>	INSERT SCORE
<b>Score Range:</b>	_____Minimum to _____Maximum
<b>Narrative:</b>	PROVIDE WRITTEN DESCRIPTION INCLUDING RATIONALE FOR SCORE ASSESSMENT

A summary of the Credit Evaluation Report and/or cover letter should contain the following:

### **Asset Information**

Asset name  
Address  
City  
State  
Zip Code

### **Company Information (applies to company/individual signing report)**

Company Name  
Address  
City  
State  
Zip  
Phone  
Fax  
Email

Individual Name (person attesting to report)  
Signature  
Date



## EXAMPLE: CMP GREEN VALUE SCORE POINT CREDIT EVALUATION REPORT

To the right is an example of a cover letter that should accompany the Credit Award Report for each credit that was granted a score on the Green Building Underwriting Standard.

Besides including the total amount of credit points awarded on the Standard, the memo should include observations on where the asset can most readily achieve additional points given future actions.

Below is an example of the information required and format to report each credit attained on the Green Building Underwriting Standard.

**It is important to include this information for each credit so as to provide future field data testing opportunities and other look-back techniques valuable to the finance industry.**

<b>CMP Green Value Score</b> Credit Evaluation Report	
<Date>	
<b>Ms. Mary Moore</b> Director – Residential Lending <Company Name> <City>, <State> <Zip>	
<b>RE:</b>	<b>Whispering Meadows Apartments</b> 2345 Viewridge Drive <City>, <State> <Zip>
<b>CMP Green Value Score = 57</b>	
Dear Mary:	
Attached are the Green Building Underwriting Standard Point Credit Evaluation Reports detailing each point credit awarded toward the CMP Green Value Score.	
Overall, the asset scored very well and achieved 57 out of the possible 100 points.	
Ways to improve the CMP Green Value Score in the future include:	
<ul style="list-style-type: none"> <li>▪ Increasing your ENERGY STAR score</li> <li>▪ Installing onsite renewable energy</li> <li>▪ Becoming Climate Neutral certified</li> <li>▪ Utilizing non-toxic pest control</li> </ul>	
Please contact me with any questions regarding this report.	
Sincerely,	
<Name> <Full Contact Information>	

### EXAMPLE:

<b>Credit Description:</b>	<b>Water Use Reduction – LEED WE 3.1/3.2/1.0/2.1/2.3</b>
<b>Score Assessed:</b>	<b>3</b>
<b>Score Range:</b>	<u>  1  </u> Minimum to <u>  3  </u> Maximum
<b>Narrative:</b>	The asset is certified LEED Silver and achieved all LEED water credits. Observed high-efficiency toilets, faucet aerators, low-flow showerheads, EPA WaterSense appliances, and exterior drip irrigation. Recent building inspection verified no basement moisture. Awarded at high end of the range.

<b>Credit Description:</b>	<b>Preferred Location and Infrastructure – LEED</b>
<b>Score Assessed:</b>	<b>2</b>
<b>Score Range:</b>	<u>  1  </u> Minimum to <u>  3  </u> Maximum
<b>Narrative:</b>	Property situated in mature community with surrounding residential development. Once across busy street, it is ½ mile to two grocery stores, drug stores, Starbucks, six (6) restaurants and other neighborhood retail. Close to bus lines that reach mass transit.