

# Expression of Interest to Buy Green Home Bonds

## Summary

This is an expression of interest to negotiate a purchase of publicly traded Green Home Bonds comprised of 100% green home mortgages from Meritage Homes, the seventh largest US builder and the nation's leader in energy efficient homes. It is expected that such bonds have financial benefits to market rate investors, including higher valued and less risky collateral transparently measured by the national consensus underwriting Green Value Score that validates the higher value through a legally binding certification.

## Background

Substantial benefits to the environment, economy, human health and welfare, are a priority to a wide range of an investors, especially institutional investors who made energy efficient green buildings a top priority due to financial and risk reduction benefits of substantially reducing climate pollution. Credit rating agencies will rate green property bonds that have legally binding validation as part of transparent consensus underwriting Green Value Scores thus reducing risk and uncertainty and complying with national green property financing requirements of the Federal Housing Finance Agency, Office of the Comptroller of the Currency, and Federal Trade Commission.

## Economic Benefits of Green Properties

Peer-reviewed Wall Street due diligence released at the NYSE and updated in 2013 with leading economists, extensively documents including with national statistically valid data from the Berkeley Haas Business School, that green properties are more profitable less risky and preferred by investors. The underwriting Green Value Score comparatively measures this increased financial value.

## Expected Risk Reduction of Green Home Bonds for Investors

The green homes whose mortgages back the bonds will have validated energy efficiency transparently measured by the 25-100 Green Value Score. Homes with renewable power like solar receive added Green Value Score points as well as homes proximate to transit, with improved indoor air, and using ANSI Integrative Process with third party independent commissioning both of which increase the consistency and confidence of new home construction while reducing construction defect liability risk.

## Execution

To encourage issuance of a debt instrument with both economic and important social benefits, we endorse the intent of the Green Home Bond and transparent identification of energy efficiency and sustainability for each green home whose mortgage is collateral for the bond. Certainly, the final structure and terms of the bond issue must be reviewed, nonetheless, we encourage securities providing a safe and dependable yield associated with bona fide sustainability and energy efficiency. We look forward to the next step in the review process for the Green Home Bond.


Name of Investor (entity)

Name of Investor Representative

Date

Legg Mason  
Investment Counsel

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Ronald T. Bater  
Managing Director

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