

Investment Bank New Product Pilot **Green Building Security (GBS)**

Affordable Multifamily Single Asset

Description. For the Green Building Security (GBS) Affordable Multifamily Single Asset Pilot, it is expected that the Federal Home Loan Bank and nonprofit funders will provide initial and mezzanine funding. Investment bank participation will take the remaining investment portion conditioned by a specified *Green Value Score* such as 75 or higher, thereby ensuring sufficient cash flow and / or reduced expenses making the investment bank investment attractive and commensurate with returns in the conventional housing sector. The investment bank loans will be aggregated, pooled with similar loans, and securitized as GBS.

Purpose. The Pilot market tests and stimulates a much needed source of capital and refinancing in the affordable market, and helps meet the very strong investor demand for green buildings because it:

- **Is Consistent with Traditional Affordable Real Estate Financing**, with just an additional investment bank funding level tied to a set *Green Value Score* ensuring the needed additional cash flow and / or reduced expenses.
- **Is a Convenient Source of Capital** with substantial economic and social benefits.
- **Leverages Scarce Affordable Housing Financing Resources** so that the very large national renovation need is met.
- **Is Expected to be profitable, less risky, and preferred by investors** based on extensive Wall Street Due Diligence released at a 2009 NYSE press conference.

Number of Assets. One or several apartment complexes.

Implementation. Traditional affordable housing financing will be followed, and then investment banks will provide the final funding level, receiving a rate of return consistent with conventional real estate financing.

Assigning a *Green Value Score* to the asset as part of the *National Consensus Green Building Underwriting Standards*, also provides the needed rational basis for labeling the GBS consistent with Federal Trade Commission Environmental Marketing Guides and comparable Attorneys General Green Guides governing truth in advertising and marketing.

Documentation.

- Obtain EnergyStar Score Equivalency showing the asset's energy efficiency which is included in the *Green Value Score*
- Obtain *Green Value Score* assessment during underwriting
- Collect and store *Green Value Score* with other asset electronic records



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