

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

Guaranteed Multifamily Single Asset Public Offering

Description. The Green Building Security (GBS) Multifamily Public Offering Pilot is the same as traditional federally guaranteed multifamily real estate securitization, with the only difference being that the apartment is rated by the *National Consensus Green Value Score* of 25-100, transparently showing increased cash flow and / or reduced expenses from green building attributes. The asset would have a minimum value of \$5M with one originator and \$100M with a second originator. The investment bank role is to have its green building asset securitized under the existing federally guaranteed credit wrap program, or help underwrite the securitization of the assets already identified in the originators' portfolios.

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

- **Consistent with Traditional Commercial Real Estate Financing**, with just a simple *Green Value Score* add-on to the normal due diligence process.
- **Convenient Source of Capital** with substantial economic and social benefits.
- **Expected to be profitable, less risky, and preferred by investors** based on extensive Wall Street Due Diligence released at a 2009 NYSE press conference, thus opening up a \$1 trillion market and resecuritization of the building stock similar to the adoption of the Phase 1 Environmental Site Assessment and Property Condition Assessment due diligence standards now required by all commercial real estate transactions.

Number of Assets. One or several, that can be expected to reduce risk, increase profits and return on investment, and achieve a pathway to higher GBS ratings.

Implementation. Investment banks follow traditional real estate securitization process with the additional due diligence step of assigning a *Green Value Score* to the asset, and explaining the Green Building nature of the security within the offering documentation. The *Green Value Score* is part of the *National Consensus Green Building Underwriting Standards* providing the rational basis for labeling the GBS consistent with FTC's Environmental Marketing Guides.

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