

Hon. Gavin Newsom, Mayor  
City of San Francisco  
US Conference of Mayors

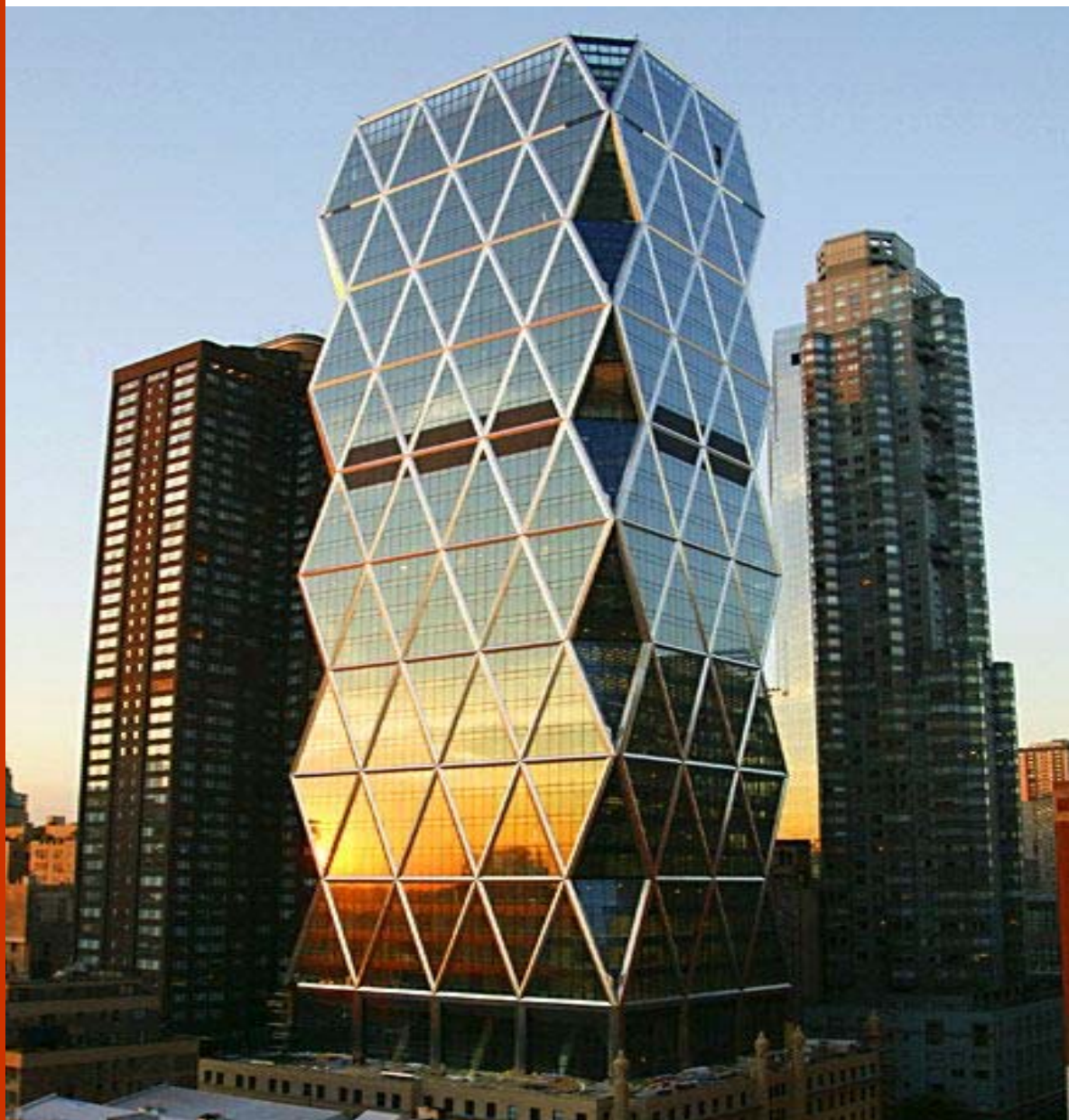
Bob Congel, CEO  
Destiny USA

# National Consensus Green Building Investment Underwriting Standards

Commercial Buildings

**UNANIMOUSLY APPROVED**  
September 2, 2008

ACEEE  
Australia  
Bank of America Securities  
Baltimore Green Building Council  
BOMA Foundation  
BOMA International  
Canada Green Building Council  
Canada Mortgage & Housing Corp.  
Citi  
Citigroup Smith Barney  
Citi Property Investors  
City of Chicago  
City of Dallas  
City of Denver  
City of New York  
City of Oakland  
City of Santa Monica  
City of San Francisco  
City of Seattle  
CitiGroup Smith Barney  
Citizens Bank of Canada  
Corenet Global  
Delaware Valley Green Bldg. Council  
Dewey & LeBoeuf  
Durst Development  
EPA ENERGY STAR  
Environmental Bankers Association  
Evolution Partners  
Fannie Mae  
Fireman's Fund / Allianz  
First Affirmative Financial  
Forbo Flooring  
Forest Stewardship Council  
Gerding Edlin Development  
Goldman Sachs  
Green Building Alliance  
Global Green  
Paul Epstein, Harvard Medical School  
Hoffmann & Associates  
Investor's Circle  
JPMorgan Chase  
Lafarge  
Lorax Partnerships  
Malachite LLC  
Milliken  
Mortgage Green  
National Association of Realtors  
New Jersey Green Building Council  
New York Green Building Council  
NYSERDA  
Philips  
Prohoff & Associates  
Sempra Energy  
Social Investment Forum  
State of California  
State of New Jersey  
Swinerton Builders  
Turner Construction  
UBS Securities  
United Kingdom  
US Green Building Council  
US Treasury Department  
Vancity Bank  
Vinson & Elkins  
Wachovia  
Wells Fargo  
Wendel Rosen Black & Dean  
West Coast Green  
World Green Building Council



## **ABSTRACT**

### **Green Building Underwriting Standard**

The Green Building Underwriting Standard and the CMP Green Value Score is a straightforward, easy-to-implement tool allowing lenders, private equity investors, developers, and real estate owners the ability to rate an asset's "greenness" at the time of financing or acquisition. The tool is structured as an underwriting overlay that enhances current underwriting practices, increases transparency, and serves as an indicator of investment risk and long-term asset value.

Following an analysis as detailed in this Standard, an asset can be assigned a CMP Green Value Score from 0-100 based on the presence or absence of financially tangible criteria that influence the asset's financial, operational, and market-based risk profile. Understanding an asset's green profile and CMP Green Value Score on a relative basis allows for improved decision metrics along with greater market transparency across all facets of the investment decision process.

The CMP Green Value Score takes into account asset features that lead to energy and water efficiency, reducing current operating costs while also insulating tenants from future energy and water price increases and price volatility. The CMP Green Value Score also incorporates location-based attributes that affect a tenant's commuting patterns and/or carbon footprint, as well as factors inherent to indoor environmental quality that can affect rents, risk, and liability exposure.

The tool is applicable to asset-based and portfolio-based analysis and investment decision processes. Once a specific asset's CMP Green Value Score is determined, this analysis can be expanded to the portfolio level through an aggregation of asset-specific CMP Green Value Scores on a weighted basis improving investment decision making and investor reporting.

The Standard addresses critical market pressures that include the rapid and continuing rise in conventional energy and water costs, increased ongoing operating costs, exposure to price volatility, tenant preferences swaying in favor of green buildings, and current/future climate-change issues. Implementation will improve underwriting processes leading to increased capital market confidence. Ultimately, determining and disclosing an asset's CMP Green Score will better enable investors to fulfill fiduciary responsibilities, improve real estate industry underwriting, and lead to better risk-adjusted investment decisions.

# CMP GREEN SCORE FORMULA

*NATIONAL CONSENSUS GREEN BUILDING UNDERWRITING STANDARDS®*

	Score	Value Ratio	Adjusted Score
<b>ENERGYSTAR Score</b>		40%	
<b>Green Building Underwriting Standard Score</b>		35%	
<b>LEED Rating</b> (intangible value)	<b>NONE</b>	0%	
	<b>CERTIFIED</b>	2%	
	<b>SILVER</b>	5%	
	<b>GOLD</b>	10%	
	<b>PLATINUM</b>	15%	
<b>Climate Neutral Certified</b>	<b>YES</b>	10%	
	<b>NO</b>	0%	
<b>CMP GREEN SCORE</b>		100%	

The CMP Green Value Score is part of the approved *Green Building Underwriting Standards®* documenting green building value including cash flow and expenses.

The Underwriting Standards were unanimously approved on September 2, 2008 through the Capital Markets Partnership's (CMP) American National Standards Institute (ANSI) accredited and audited consensus process.

The Standards are the exclusive jurisdiction of CMP's Green Building Underwriting Standards Committee that is conducting Standards Education and adoption with leading financial institutions and developers.

The Standards are part of CMP's *Capital Markets Briefing Paper: Sustainable Investment Business Case®* documenting CMP's four years of due diligence with investors, investment banks and rating agencies, that green buildings and their certified sustainable products reduce risk and are more valuable and profitable than conventional investments, thus preferred by investors. The Paper includes the Investor Survey initiated by CMP / S&P covering over \$3.5 trillion in assets. Its development was supported by the Energy Foundation, the Federal Home Loan Bank, and an anonymous foundation for green affordable housing investment.