



# WHY "GO GREEN"?

## THE BENEFITS OF GREEN FINANCING



### SUMMARY OF BENEFITS:

- ◆ \$244,245 less out of pocket to close loan
- ◆ Increase of \$450,000 in value of property
- ◆ Savings on monthly payment due to reduction in interest
- ◆ Green report showing increased NOI at low or no cost to borrower
- ◆ Over 4 million gallons of water saved at a single property

### Sample Project Specifics:

- ◆ \$10,000,000 purchase price
- ◆ \$500,000 net operating income (NOI)
- ◆ 10-year loan amortized over 30 years
- ◆ 1.25 DSCR
- ◆ 10 basis point discount for green
- ◆ \$50,000 cost of improvement
- ◆ \$25,000 annual utility savings
- ◆ Multifamily real estate sells at 20 multiple (20 x NOI)

100 Units, 150 Bathrooms

Sample Measures	
0.5 GPM Bathroom Aerators	\$1,500
1.0 GPM Kitchen Aerators	\$1,000
1.5 GPM Showerheads	\$5,000
1.0 GPF Toilets	\$20,000
20% Reduction to Irrigation	\$22,500
	\$50,000

	Standard	Green, underwrite 50% of savings
Water measures result in \$25,000 annual savings	\$0	\$12,500
Updated NOI for underwriting	\$500,000	\$512,500
Interest rate	4.5%	4.4%
Loan proceeds	\$6,578,705	\$6,822,950
Additional loan proceeds for going green	\$0	\$244,245



**Bottom line:** Less out of pocket to close the loan

	Standard	Green, underwrite 50% of savings
NOI with annual water savings	\$500,000	\$525,000
Sale price	\$10,000,000	\$10,500,000
Profit	\$0	\$500,000
Minus cost of work	\$0	\$50,000
Increased value of property	\$0	\$450,000



**Bottom line:** Reduced expenses = higher earnings, resulting in an increase of \$450,000 to property value with \$50,000 investment

	Standard	Green, underwrite 50% of savings
Savings from reduction in basis points	4.5%	4.4%
Difference in payment amount per month	\$0	\$387.94
Savings over 10-year loan	\$0	\$46,553



**Bottom line:** Reduction in interest payments



### Green Financing Programs

#### Fannie Mae Green Rewards

- ◆ A minimum of 25% savings in energy OR water must be selected by the borrower.
- ◆ Fannie Mae offers better pricing and will underwrite up to 50% of owner-paid projected savings and 25% of tenant-paid projected savings.
- ◆ Fannie Mae covers the cost of the ASHRAE Level II energy and water audit when the loan closes as a Green Rewards.

#### Freddie Mac Green Up

- ◆ A minimum of 25% savings in owner-paid energy OR water must be selected by the borrower.
- ◆ Freddie Mac offers better pricing and will underwrite up to 50% (75% for Green Up Plus) of owner-paid projected savings.
- ◆ Freddie Mac reimburses up to \$3,500 of the ASHRAE Level I energy and water audit when the loan closes as a Green Up.

#### Nova Green Services

- ◆ Nova provides Freddie Mac and Fannie Mae compliant energy audits on 2 and 3 week turns.
- ◆ High level of communication throughout the process.
- ◆ Designated as pre-qualified by Fannie Mae.
- ◆ Over 600 Green reports delivered.



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