

The Next **Green** Revolution: Innovations in Lending

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Agenda

- Introduction to ShoreBank
- ShoreBank's "green" lending products
- Innovations in the field
- What's next



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ShoreBank

First and leading community development bank

Founded first US-based Environmental Bank in 1997

Adopted triple-bottom line focus in 1999



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Key elements of our sustainability approach

- Focus on pocket-book issues
- Build upon our strengths
- Create our own “early adopters”
- Validate our existing mission, while also adding a new component to a storied past



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Homeowners' Energy Conservation Loan Program

- Provide free energy audit
- Provide financing for 100% of incremental costs associated with energy efficiency
- Offer a \$500 voucher towards an ENERGY STAR[®] qualified refrigerator (requires recycling of old one)



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Other Products SBK Cos. Offer

- Green Building Loans
 - Up to 85% LTV (75% Bank; 10% Non-bank)
- Subordinated Mortgages
 - Up to \$20k for energy efficiency retrofits
 - On-bill and Off-bill
- New Markets Tax Credits
 - Support Alternative Energy/Green Buildings



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Innovations in the Industry

- Number of important changes to the financial services industry
 - “Green Banks” being developed
 - Conventional banks creating “green” products
 - New financial mechanisms and intermediaries coming into the marketplace (especially through use of SEP and EECBG funds)



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Banks are jumping on board

- Green Mortgages
 - Discounted pricing/fees
 - Long-term financing for alternative energy (PV)
- ESCO Financing
 - Loans for energy efficiency improvements
- DOE Guaranteed Loans
 - Becoming delegated lenders
- Tax Credit Investing (ITCs)



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Non-Bank Lending

- RE Tax Bill Finance (Berkeley Model)
- On-bill Finance (Utilities)
- Solar Leasing (Finance Cos)
- Revolving Loan Funds (State Agencies)
- DOE Credit Guarantees (“Development Finance Organizations”)



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What's Next?

- Under discussion:
 - Federal “Green Bank” Legislation
 - Secondary market mechanisms for green mortgages (both residential & commercial)
 - Short-term financing for ITC grant refunds
 - Power Purchase Agreement Finance
 - Carbon Credit Aggregation/Deployment



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