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New Resource Bank makes it easier—and more profitable—for 'green' developers

February 6, 2007
Building Design and Construction

New Resource Bank, San Francisco, has launched a program to offer financial incentives for green building projects. The bank will provide more money at a lower cost, with incentives that include lower interest rates and higher loan-to-value to help developers and investors profit more from building green.

The Bank will provide a 1/8th percent discount on loans to green leadership projects in the commercial or multi-unit residential sectors. Even for a relatively small building, this could mean significant savings over the life of the loan. For a \$5 million loan, this could translate to more than sixty thousand dollars of savings over ten years and more over a longer period. This boosts returns for developers or investors in a sector where reducing costs is important to returns.

To further help boost the financial return of developers and investors, the bank will also provide more "money" to green projects. For example, instead of providing a typical construction loan of up to 75% of appraised value, New Resource Bank will fund up to 80% loan-to-value (LTV) for projects that are designed and built to green leadership standards. To do this and to continue to be on the cutting edge, the bank plans to actively keep track of how returns on high performance building investments justify greater leverage. In addition to construction loans, the higher LTV also applies to green commercial real estate in refinancing or acquisitions.

To determine green leadership, the bank will initially rely on criteria established by the US Green Building Council. However, the bank is open to alternative approaches to demonstrate green design excellence.

As a bank that is founded by world-class entrepreneurs and green business experts, New Resource Bank is developing its green building program by drawing on leading experts within its "New Resource Community". Among its founding investors are national green building experts including: Greg Kats, a former DOE official and advisor to the California Green Building Task Force; Jonathan Rose, a pioneering developer of sustainable communities who also recently launched the Rose Sustainable Growth Fund; Malcolm Lewis, president of CTG Energetics and a leading green building engineering consultant; and Ray Anderson, the founder and chairman of Interface Inc. "We are fortunate to have easy access to experts who have studied the cost-and-benefit of green building features as well as business leaders who have been financially successful in developing green," says Peter Liu, the bank's initial founder and Vice Chairman.

Since its grand opening in November, the bank has financed a number of green projects in California including a housing development that is aiming to achieve a USGBC LEED (Leadership in Energy and Environmental Design) certification for homes in Martinez and smart growth, transit friendly projects in the urban cores in Berkeley and Oakland as well as in the Sonoma wine country.

New Resource Bank's unique position as a bank that focuses on financing sustainable resources has allowed it to draw like-minded depositors. With its current office in San Francisco, the bank has attracted depositors from as far as New York, Tennessee and Virginia. This brand driven deposit gathering helps it to pass on cost savings in deposit acquisition to its green lending. Deposit customers are attracted to the bank for its unique brand and convenient features such as free-ATM use at any bank ATM in the world. Greg Kats, who has seen a lot of green financing efforts in his career says, "This bank is really a smart leader in offering something tangible to green developers—real dollars and cents benefits, in addition to the opportunity to work with bank professionals who are more knowledgeable about green design issues."

Another aspect of promoting green is the bank's effort to take the green into the community. Being a FDIC-insured institution, New Resource Bank must open its doors to all customers in its local community. However, community customers will also receive information and resources on how to make green work for their businesses and in their lives. For example, the bank's senior vice president for construction and real estate, Ron Steager, recently took conventional developer clients to the West Coast Green building conference to expose them to new green building options. "People see that green can be beautiful, green can be strong, green can be efficient and most importantly, green can be marketable," said Liu. Steager expects that these new incentives will translate into greener developments for his clients.

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New Resource Bank is a commercial bank in San Francisco that is setting a new standard in customer service while financing efficient and sustainable resources in its community. The Bank is founded by leading entrepreneurs, along with seasoned banking executives from national and local community banks. For more information, please go to www.newresourcebank.com <<http://www.newresourcebank.com/>>

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