

The National Green Bank: Green Streets Community Lending Platform

National Green Bank's Goals

Our double bottom line:

1. Reduce GHG Emissions
2. Support Disadvantaged Communities

We do this by:

- Maximizing total investment (public + private) in green infrastructure
- Targeting areas where investment will have the most impact (GHG/air pollution reduction and community benefits)
- Creating family-sustaining, green jobs

A role for everyone

- Any financing entity committed to expanding its green lending practices is eligible to join the Green Streets Community Lending Platform
- We can best achieve shared, individual goals by working, applying together

Lenders want to...	CGC wants to...
Lend to homeowners, businesses, developers to build the clean power platform, build community wealth, support disadvantaged communities	Support a network that lends to homeowners, businesses, developers to build the clean power platform, build community wealth, support disadvantaged communities
Use balance sheets to borrow and relend at low rates	Target high-emissions communities and communities overburdened by pollution or energy costs
Aggregate these loans and recycle them	Attract private sector capital to maximize total investment
Build green lending capacity and capabilities	Grow portfolio value over time while cross-subsidizing certain activities

National Green Bank will initially make five types of capital available

1. **Operating Grants.** Operating grants do not need to be paid back and must be used to expand green lending operational capacity.
2. **Increasing Line of Credit for Qualifying Projects.** This line of credit can be used to finance any qualified project. Lenders will receive lines of credit based on their green lending targets, and these lines of credit can expand as their capacity grows.
3. **“Equity” Investment.** This investment will be flexible and long-term but must be used to expand origination of green assets. May come in the form of restricted grants (potentially including dividend payments), forgivable interest-only debt, or low/zero-rate debt repayable in a one-time bullet payment at the end of the term.
4. **Second-Loss Reserve.** The National Green Bank will host a national second-loss reserve to de-risk certain lending and will provide capital to support existing loan-loss reserves offered by partners.
5. **Secondary Market Payments.** The National Green Bank will offer to purchase certain loan assets in order to build secondary markets for that type of asset. When lenders sell these assets to the national green bank, they will receive a generous origination fee.

Second-loss reserve for heat pumps, solar panels, heat pump water heaters, high VMT EVs

- All partners will have access to a second-loss reserve when they use their own capital (not from the NGB) to offer consumer loans for these products

Second-Loss Reserve Details

National green bank holds funds on its balance sheet to reimburse partners for losses incurred making loans for these products

Existing green bank loan-loss reserve programs receive additional financial support to improve offerings for these physical products

Projects must be installed by approved contractors

Credit box must be broad enough to target LMI, disadvantaged homeowners in the area (e.g. 80% of AMI and below, low credit scores, etc.)

National Green Bank will purchase, securitize these assets

Qualified Projects: NGB capital can be used for a wide range of emissions-reducing projects

- Over time, successful uses of flexible projects become standardized “opt-in” projects

Category	Intended Use	Example Physical Installations
Flexible financial products	Allow flexibility and customization for lenders to finance emissions-reducing projects that are poor fits for standard financial products	Subordinate debt for a multifamily building full energy retrofit (heat pump HVAC, solar panels + storage, EV charging)
Standardized “opt-in” financial products	Allow new green lenders to access easy-to-implement, off-the-shelf financial products for increasing adoption of “green goods”; allows fast recycling through aggregation and securitization	Direct loan for a solar + storage system on a small retail business
Disaster recovery financial products	Allow the national green bank and partners to play a key role in “building back greener” while supporting those whose homes/businesses have been damaged by extreme weather	Loan to clean up damaged home and rebuild with green replacements for all damaged property after a hurricane (HVAC, Solar Roof, EV, Heat pump water heater, etc.)