Foiled by the Banks? How a Lender's Decision May Support or Undermine a Jurisdiction's Environmental Policies that Promote Green Buildings

Darren A. Prum, MBA, JD
Assistant Professor
Florida State University
January 12, 2017
Mortgage Risks

• Loss Exposures/Encumbrances
  – Theories of Title
  – Environmental Issues
  – Nongovernmental Issues
    • Land Use Restrictions
    • Leasehold Estates
  – Acquisition Attributes
    • Development Projects
    • Existing Buildings
Mortgage Risks (continued)

• Underwriting as a Risk Management Tool
  – Borrower
  – Property
Lender Exposure to Risks Inherent to a Green Building

• All Types of Buildings/Projects
  – Financial Issues
    • Underwriting Models
    • Property Insurance
  – Green Attributes
• Development Projects
• Existing Buildings
Proposal for Managing Risk on a Green Building Mortgage

- Underwriting Process-Driven Adjustments
- Document-Driven Adjustments
Proposal for Managing Risk on a Green Building Mortgage

• Underwriting Process-Driven Adjustments
  – Supplemental Application for Green Buildings
  – Gathering and Analyzing Green Building Data
Proposal for Managing Risk on a Green Building Mortgage

- Document-Driven Adjustments
  - Pre-Closing Conditions
    - Development Projects
    - Existing Buildings
  - Post-Closing Conditions
    - Property Insurance
    - Consequences and Remedies for Noncompliance
Green Building Mortgages

Any Questions?

Thank you!