

Fannie Mae Green MBS At-A-Glance

Global Leader in Multifamily Green Financing

The mission of Fannie Mae's Multifamily Green financing business is to target positive, measurable impacts to environmental, social, and financial metrics, also known as the "Triple Bottom Line." Since launching its first Multifamily Green Mortgage Loan product in 2012, Fannie Mae Green MBS issuances have exceeded \$85 billion through year-end 2020.

The Green Mortgage Loan products offered through Fannie Mae's Delegated Underwriting and Servicing (DUS®) business include:

Green Rewards

Rewards owner's initiative to rehab or retrofit an existing multifamily property, including workforce and seniors housing

Green Building Certification

Distinguishes owner's initiative to achieve a nationally or internationally recognized third-party certification

Fannie Mae securitizes these loans and issues them to the market as Green MBS. Fannie Mae also re-securitizes a portion of the Green MBS volume as REMICs through its Guaranteed Multifamily Structures (GeMS™) program. The energy and water scores¹ for each Fannie Mae green security are available in [DUS Disclose®](#). Fannie Mae received a "Light Green" second opinion from CICERO for bonds backed by loans on properties with Green Building Certifications, a "Light to Medium Green" second opinion from CICERO for bonds backed by Green Rewards loans, and an "Approved" bond rating by Oekom.

In 2020, Fannie Mae issued \$13.0 billion in Green MBS and \$2.0 billion in Green MBS-backed GeMS tranches.

The projected "**Triple Bottom Line**" impact of Fannie Mae's \$88B in Green MBS issuances includes:

Financial: \$410 million invested in property improvements*, \$2.83 in economic output per dollar invested in improvements and Green buildings

Social: \$184 average annual energy and water cost savings per family* and 872,000 improved or Green Building Certified units

Environmental: 9.5 billion kBtu of energy savings, 8.5 billion gallons of water savings, and more than 630,000 metric tons CO₂e emissions avoided annually

*Green Rewards loans originated through year-end 2020



DUS MBS

- Generally backed by a single multifamily loan
- Stable cash flows that are easy to model
- Superior call protection
- Positive convexity
- Definitive final maturities of 5-, 7-, and 10-years

Fannie Mae's guaranty of timely payment and interest

GeMS REMICs

- Backed by previously issued Fannie Mae Multifamily MBS
- Structures offering block size, collateral diversity, and pricing closer to par
- Material economic interest may be retained by Fannie Mae

¹ Scores available at-issuance and ongoing for Green Rewards. For loans secured by a property with a Green Building Certification, only ongoing scores are available.



Fannie Mae Green Bond Requirements

Requirements

Green Rewards

Green Building Certification

	Green Rewards	Green Building Certification
Eligibility	Property owner must commit to property improvements that are projected to reduce the whole property’s annual energy usage by at least 15%, with combined energy and/or water savings totaling at least 30%.	Borrower’s property must be awarded a valid green building certification recognized by Fannie Mae.
Verification of Eligibility	<p>Borrower must have a High Performance Building (HPB) Report completed on the property prior to the loan’s delivery to Fannie Mae.</p> <p>The HPB Report must adhere to the requirements of an ASHRAE Level II Energy Audit and to additional requirements set forth in Fannie Mae Form 4099 “Instructions for Performing a Multifamily Property Condition Assessment (PCA)”</p> <p>The property must have a 1-100 ENERGY STAR Score and a 1-100 EPA Water Score and a 1-100 EPA Water Score completed with the HPB Report if the property is eligible to receive a score.</p>	Lender must submit a copy of the certification to Fannie Mae prior to the loan’s delivery to Fannie Mae. Fannie Mae recognizes select certifications from organizations listed in Fannie Mae Form 4250 .
Management of Proceeds	<p>Funds for energy and water saving improvements are put in escrow at 125% of capital cost at time of loan close.</p> <p>Improvements must be made within 12 months of loan close.</p> <p>Funds are released from escrow by the loan servicer once evidence is provided that the energy and water saving improvements have been purchased and installed.</p>	Not applicable
Annual Reporting	<p>Borrower must sign loan document committing to report to Fannie Mae the property’s ENERGY STAR Score and Source Energy Use Intensity annually for life of loan.</p> <p>EPA Water Score and Water Use Intensity were required starting in 2019.</p>	<p>Borrower must sign loan document committing to report to Fannie Mae the property’s ENERGY STAR Score and Source Energy Use Intensity annually for life of loan.</p> <p>EPA Water Score and Water Use Intensity were required starting in 2019.</p>
Disclosure	<ul style="list-style-type: none"> • Fannie Mae disclosure as “Green Financing/Green Rewards” • Bloomberg Green Bond Flag 	<ul style="list-style-type: none"> • Fannie Mae disclosure as Green Building Certification/Name of Certification • Bloomberg Green Bond Flag