

Single-Family Social Bonds

Overview

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Overview

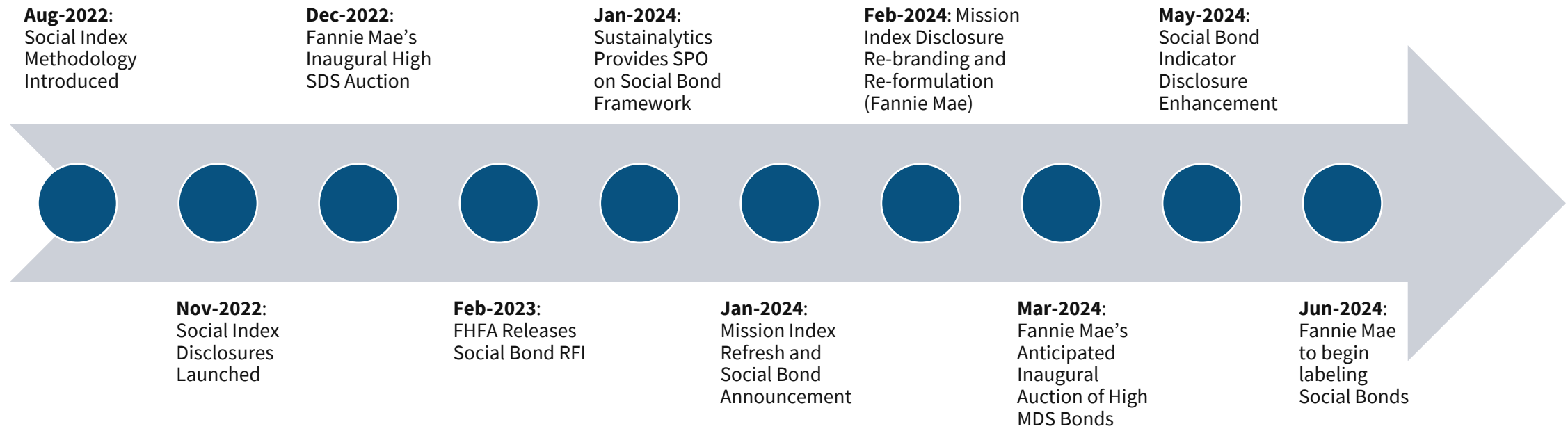
- Fannie Mae is pleased to announce an exciting new development: our Single-Family Social Bond program, which is aligned across the Enterprises. This program will offer investors the ability to invest in single-family mortgage-backed securities (MBS) that have a high concentration of loans that align with the Enterprises' mission objectives.
- The Social Bond program design reflects feedback received from market participants that hope to amplify the impact of their investments on target populations. The Mission Index v1.1¹ will serve as the basis of our SF Social Bond Program with labels assigned to bonds having 100% Mission Criteria Share (MCS) and Mission Density Score (MDS) ≥ 2.0 .
- Fannie Mae expects to assign labels to Single-Family MBS meeting the Social Bond criteria beginning in June 2024.
- Beginning in 2025 for 2024 issuances, Fannie Mae will provide a comprehensive suite of impact reporting annually to provide transparency into the social impact of loans that collateralize their investments in Single-Family Social MBS.
- Our published [Social Bond framework](#) addresses the four components of the International Capital Markets Association (ICMA) Social Bond Principles (SBP). It is also validated by an independent second party opinion from Sustainalytics.

1. In this presentation, we will refer to the original Social Index formulation as Mission Index v1 and the re-formulated Mission Index as Mission Index v1.1.



Single-Family Social Bond Timeline

The evolution of our framework for highlighting mission-oriented lending activities.





Single-Family Social Bond Framework



Requirements for a Social Bond Label

- The Enterprises will assign a Social Bond label to any Single-Family MBS having:
 - ✓ Mission Criteria Share (MCS) of 100% and
 - ✓ Mission Density Score (MDS) greater than or equal to 2.0.
- In May 2024, the Enterprises will introduce a Social Bond Indicator field in Single-Family MBS disclosures.
- Only pools under the Mission Index re-formulation (v1.1) will be eligible for the Social label. Previously issued pools will retain their original disclosures using the prior formulation (renamed Mission Index disclosures).
 - Disclosures made with Mission Index v1 will not be recalculated to reflect the Mission Index re-formulation (v1.1).
- The Social Bond program will feature additional impact reporting to provide investors with transparency into social impact of the loans underlying their investments.
- The Enterprises expect that our Single-Family Social Bond program will evolve as appropriate based on engagement with market participants and evaluation of market dynamics.



Mission Score v1.1 Formulation Methodology

Income		Borrower		Property	
Criterion	AMI Cap	Criterion	AMI Cap	Criterion	AMI Cap
Low-Income Borrowers	≤80	First-Time Homebuyer	≤100	Low-Income Census Tracts	≤100
Affordable Rental (at ≤80 AMI)	N/A	Borrowers Residing in Underserved Markets ¹	N/A	Minority Tract	≤100
		Special Purpose Credit Program (SPCP) Borrower	N/A	High-Needs Rural	N/A
				Manufactured Housing	≤100
				Designated Disaster Area	≤100

¹ Borrowers Residing in Underserved Markets would initially comprise applicants from High Poverty Area census tracts, defined as: any census tract with a poverty rate of at least 20% as measured by the five-year data series available from the American Community Survey. Additional areas may be added to this criterion, as necessary.



Criteria-Specific Inclusion Rationale

Dimension	Criterion	Income Limit	Mission Element	Description/Rationale
Income	Low-Income Borrower	80% of AMI	Liquidity, Affordability	Our Charter directs us to facilitate the financing of residential mortgages for low-income borrowers , with a special focus in Housing Goals.
Income	Affordable Rental	N/A	Liquidity, Affordability	Our Mission obligates us to facilitate equitable and sustainable access to quality, affordable rental housing , with a special focus in Housing Goals.
Borrower	First-Time Homebuyer	100% of AMI	Liquidity, Affordability	Our Charter directs us to promote access to credit, with a special focus on first-time homebuyers in the GSE Act.
Borrower	Residing in Underserved Markets	N/A	Liquidity, Affordability	Our Charter directs us to promote access to credit throughout the Nation, with a special focus on underserved areas .
Borrower	Special Purpose Credit Program (SPCP) Loan	N/A	Liquidity, Affordability	Our Equitable Housing Finance Plan commits us to supporting the expansion of homeownership through Special Purpose Credit Programs.
Property	Low-Income Census Tracts	100% of AMI	Liquidity, Affordability	Our Mission obligates us to facilitate equitable and sustainable access to homeownership, with a special focus in Housing Goals .
Property	Minority Tract	100% of AMI	Liquidity, Affordability	Our Mission obligates us to facilitate equitable and sustainable access to homeownership, with a special focus in Housing Goals .
Property	High-Needs Rural Areas	N/A	Liquidity, Affordability	Our Mission obligates us to facilitate equitable and sustainable access to homeownership, with a special focus in Duty to Serve .
Property	Manufactured Housing	100% of AMI	Liquidity, Affordability	Our Mission obligates us to facilitate equitable and sustainable access to homeownership, with a special focus in Duty to Serve .
Property	Designated Disaster Areas	100% of AMI	Liquidity, Stability	Our Charter directs us to provide liquidity and stability in the secondary market for residential mortgages, with a special focus in Housing Goals .





Impact Reporting



Impact Reporting Elements

Comprehensive impact reporting is central to the SF Social Bond framework.

- Fannie Mae will publish a suite of impact reporting to provide transparency into the social value enabled by the SF Social Bond framework. The elements of our impact reporting are:
 - **Access to Credit:** How many borrowers in mission-oriented populations are supported by Fannie Mae and the SF Social Bond program? What is the representation of individual Mission Index criteria in quarterly issuance?
 - **Value Created and Deployed:** How much incremental revenue was generated by the SF Social Bond program? How was that incremental revenue deployed in support of mission-oriented populations?
 - **Housing Stability:** How are borrowers in SF Social Bonds benefiting from Fannie Mae's servicing policies?
- Fannie Mae will generally provide impact reporting annually, beginning in 2025 for 2024 issuances. Certain elements of the impact reporting framework may be published more frequently.
- Fannie Mae expects the suite of impact reporting to evolve in response to framework updates and market needs.





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