

# Fannie Mae's Green Bond Business

## The challenge we face and our strategy for impact

Safe, affordable housing is at the foundation of economic well-being for individuals and families. However, building, heating, cooling, and powering single-family and multifamily homes have undeniable environmental consequences. In fact, roughly 20% of greenhouse gas (GHG) emissions in the United States stem from residential households.<sup>1</sup>

Fannie Mae is leveraging our leading role in the mortgage finance market to encourage property owners and developers to make environmental improvements to their properties. In parallel, we offer a transparent and high-quality investment opportunity to global investors seeking to accelerate the transition to a low-carbon economy.

## How it works

Our Green Bond Business supports the single-family and multifamily housing markets by purchasing mortgages backed by properties that meet our criteria for energy and water efficiency and/or renewable energy generation.

### Multifamily Green Bonds

We offer two Green Multifamily Financing products:

- **Green Rewards Mortgage Loan:** Provides incentives for borrowers to make property improvements that target specific reductions in energy and water use and/or generation of renewable energy.
- **Green Building Certification (GBC) Mortgage Loan:** Offers incentives for borrowers with multifamily properties that possess an eligible, nationally recognized green building certification.

A loan that uses our Green Financing products is eligible to be securitized as a Fannie Mae Green Bond, which we issue as:

- **Multifamily Green Mortgage-Backed Securities (MBS):** Through our Delegated Underwriting and Servicing (DUS<sup>®</sup>) model, a Multifamily DUS MBS is generally backed by one green mortgage loan on one property.
- **Green Guaranteed Multifamily Structures (Fannie Mae GeMS<sup>™</sup>):** A resecuritized pool of Multifamily Green MBS is structured as a Real Estate Mortgage Investment Conduit (REMIC), providing greater collateral diversity to investors.

### Single-Family Green Bonds

We issue:

- **Single-Family Green MBS:** Comprises pools of single-family mortgage loans backed by newly constructed single-family homes with certifications that meet or exceed the national program requirements for ENERGY STAR<sup>®</sup> Certified Homes, Version 3.1 and/or meet the performance eligibility target for solar photovoltaic systems (PV) as a source of energy generation.

We partner with a third party to verify the green building certification achieved by the properties collateralizing the Single-Family Green MBS.

## Bond Impact Reporting

Learn more about our Bond Impact Reporting, including our Green Bond Impact Methodology, at [fanniemae.com/bondimpactreporting](https://fanniemae.com/bondimpactreporting).

Or scan the QR code below.



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<sup>1</sup> Benjamin Goldstein, Dimitrios Gounaridis, and Joshua P. Newell, "The carbon footprint of household energy use in the United States," *Proceedings of the National Academy of Sciences of the United States of America* (Aug. 11, 2020).

# Impact from Fannie Mae Green and Social Bonds

All impact performance numbers are based on one-year projected environmental and social impacts of the loans backing the green bonds, although many of these benefits may continue to be realized beyond the year of green bond issuance. Numbers reflect both Single-Family and Multifamily issuances unless otherwise noted.

## ENVIRONMENTAL

**12.5B**

projected kilo British Thermal Units (kBtu) of source energy saved

**9.2B**

 projected gallons of water saved<sup>1</sup>
**792K**

 projected metric tons carbon dioxide equivalent (MTCO<sub>2</sub>e) of GHG emissions prevented

## SOCIAL

**1.2M**

housing units retrofitted or green building-certified

**\$161M**

 projected utility cost savings by multifamily tenants, or an average of \$188 per family per year<sup>2</sup>
**\$231**

 projected average homeowner utility cost savings per single-family home per year<sup>3</sup>
**117.6K**

 affordable multifamily units at ≤ 50% AMI financed (45.6% restricted and 54.4% unrestricted units)<sup>4</sup>
**252.7K**

 affordable multifamily units at ≤ 60% AMI financed (54.5% restricted and 45.5% unrestricted units)<sup>4</sup>
**113.7K**

 number of pads in Manufactured Housing Communities financed<sup>4</sup>

<sup>1</sup> Multifamily Green Bonds only.

<sup>2</sup> Multifamily Green Bonds backed by Green Rewards mortgage loans only.

<sup>3</sup> Single-Family Green Bonds only.

<sup>4</sup> Fannie Mae Multifamily Social Bonds from 2021-2023. Number of units are at-issuance sum of restricted affordable and unrestricted affordable. Unrestricted affordable includes securities issued on or after May 1, 2022 backed by properties with a minimum of 80% of units affordable to households earning no more than 60% of Area Median Income (AMI) based on rent rolls submitted at acquisition. Please refer to the Fannie Mae [Social Bond Framework](#) for additional information.

Refer to Fannie Mae's [Green Bond Impact Methodology](#) for more information on our impact methodology.

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