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 2011, the Green financing portfolio has grown to over $51.7 billion as of year-end 2018.

Fannie Mae’s Green Mortgage Loan products offered through its Multifamily Delegated and Servicing (DUS®) business:

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

Green Building Certification
Distinguishes owner’s initiative to achieve a nationally- or internationally-recognized certification

Fannie Mae securitizes these loans and issues them to the market as Green Mortgage-Backed Securities (MBS). Fannie Mae also re-securitized a portion of the Green MBS volume as REMICs through its Guaranteed Multifamily Structures (GeMS™) program. Fannie Mae’s FNA 2017-M15 A2, a $495 million Green tranche backed by Green Building Certified MBS, is included in the Bloomberg Barclays MSCI Green Bond Index. Recently, Fannie Mae received a “Light Green” second opinion from CICERO for GBC bonds, a “Light to Medium Green” second opinion from CICERO for green bonds, and an “Approved” bond rating by Oekom.

In 2018, Fannie Mae issued $20.1 billion in GreenMBS and $6.1 billion in Green MBS-backed GeMS tranches.

The projected “Triple Bottom Line” impact of the Fannie Mae Green Financing $51.7B portfolio* includes:

Financial: $48,000 average energy and water cost reduction annually per property

Social: $145 average annual energy and water cost savings per family (in over 500,000 units)

Environmental: Enough electricity and water saved annually to power 120 million cell phones and fill 90 billion glasses, respectively

*D green Rewards loans originated through year-end 2018

DUS MBS
- Generly 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

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

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# Fannie Mae Green Bond Requirements

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<td><strong>Eligibility</strong></td>
<td>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%.</td>
<td>Borrower’s property must be awarded a valid green building certification recognized by Fannie Mae prior to locking the loan interest rate.</td>
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| **Verification of Eligibility** | Borrower must have a High Performance Building (HPB) Report completed on the property prior to the loan's delivery to Fannie Mae. 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)”, Section 5.08. MODULE: High Performance Building Assessment. The property must have an ENERGY STAR 1-100 Score and an EPA Water score 1-100 completed with the HPB Report. | 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 the below organizations per Fannie Mae Form 4250:  
- Build It Green  
- Enterprise Community Partners  
- Green Building Initiative  
- Home Innovation Research Labs  
- International Living Future Institute  
- PassiveHouse Institute  
- Passive House Institute US (PHIUS)  
- Southface  
- U.S. Department of Energy  
- U.S. Environmental Protection  
- U.S. Green Building Council  
- Viridiant |
| **Management of Proceeds**  | Funds for energy- and water-saving improvements are put in escrow at 100% of capital cost at time of loan close. Improvements must be made within 12 months of loan close. 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. | Not applicable |
| **Annual Reporting**       | Borrower must sign loan document (Fannie Mae Form 6241) committing to report to Fannie Mae the property’s ENERGY STAR Score and Source Energy Use Intensity annually for life of loan. EPA Water Score and Water Use Intensity to be required starting in 2019. | Borrower must sign loan document Fannie Mae Form 6241 committing to report to Fannie Mae the property’s ENERGY STAR Score and Source Energy Use Intensity annually for life of loan. EPA Water Score and Water Use Intensity to be required starting in 2019. |
| **Disclosure**             | • Fannie Mae disclosure as “Green Financing/Green Rewards”  
• Bloomberg Green Bond Flag | • Fannie Mae disclosure as Green Building Certification/Name of Certification  
• Bloomberg Green Bond Flag |

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