



Fannie Mae®

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# Fannie Mae Green Financing

ACEEE: Deep retrofits

May 21, 2018





## Company Overview



- **Government Sponsored Enterprise (GSE), chartered by U.S. Congress in 1938 to support America's housing market**
- **We do not lend directly to consumers**
- **We operate in the secondary mortgage market, in two business lines**
  - **Single-Family (1-4 residential units)**
  - **Multifamily (5+ residential units)**
- **Support the liquidity and stability of the U.S. mortgage market primarily through purchasing and securitizing mortgage loans originated by lenders into Fannie Mae mortgage-backed securities (MBS) that we guarantee**

**Our mission is to support the liquidity and stability of the U.S. mortgage market.**



## Triple Bottom Line Impact of Fannie Mae's Green Portfolio

- As of YE2017, Fannie Mae has a \$31B Green Financing book of business
- The 1,100 loans are projected to:



### **Financial Impact**

- Reduce utility bills by \$53 million across portfolio
- Save \$49,000 on average energy and water cost reduction annually per property



### **Social Impact**

- Provide more than 248,000 units improved, more comfortable homes
- Save \$131 on average annually on energy and water cost reduction per family



### **Environmental Impact**

- Save electricity to power 80 million cell phones
- Save fuel to heat 27 million showers
- Save water to fill 42 billion glasses



## Fannie Mae has made a long-term commitment to Green Financing



- Piloted Green Financing products
- Launched Green MBS
- Developed ENERGY STAR® Score for Multifamily
- Developed High Performance Building Report scope

- Issued \$27.6 billion in Green MBS
- Securitized \$3.4 billion in Green GeMS REMICs
- Offers three Green Mortgage Loan Products
- Largest issuer of Green Bonds globally
- Inclusion in Bloomberg Barclay's MSCI Green Bond Index



# Green Financing solutions for new and existing Multifamily properties

Solution	Purpose	Execution
Green Rewards	Reward renovations, retrofits, repairs	Green Mortgage Backed Security
Green Building Certification	Recognize owner's initiative to certify	
Green Preservation Plus	Preserve quality Affordable properties	
C-PACE Consent	Allow qualifying subordinated C-PACE financing	



## **Green Rewards: Make CapEx improvements that reduce utility expense**

- For properties planning to make energy and water saving improvements at refinance, acquisition or supplemental financing
- Must commit to making property improvements projected to reduce energy or water consumption by at least 25%
- Financial Benefits:
  - Preferential pricing reduces the interest rate of most loans
  - Fannie Mae reimburses 100% of cost of High Performance Building (HPB) Report
  - Up to 5% additional loan proceeds available, subject to normal LTV constraints
    - Underwrite 75% of Owner projected savings; and/or,
    - Underwrite 25% of Tenant projected savings, if based on actual (not modeled) tenant data
- No minimum property age or improvement budget
- Cost of improvements escrowed at 100%; must be completed within 12 months



# High Performance Building Report identifies cost-saving opportunities

- Borrower determines final scope of work by selecting from list of energy- and water-saving opportunities in HPB Report
- Report is ordered by Lender, completed by an energy auditor, and requires a site visit
- Report can be completed up to 6 months prior to rate lock
- 100% of HPB Report cost is reimbursed by Fannie Mae

Sample Improvement Opportunities 100-unit property, \$10 million loan	Estimated Project Cost	Energy Savings	Water Savings	Projected Owner Annual Cost Savings	Projected Tenant Annual Cost Savings
High Efficiency Lighting in Units and Common Areas	\$49,300	8%	-	\$5,000	\$3,000
Low-flow Aerators, Showerheads, and Toilets	\$35,000	3%	14%	\$18,000	
HVAC System – Heating Hot Water Condensing Boiler	\$60,000	11%	-	\$11,000	
ENERGY STAR® rated dishwashers	\$100,000	3%	2%	\$2,000	\$3,000
<b>Total</b>	<b>\$244,300</b>	<b>25%</b>	<b>16%</b>	<b>\$36,000</b>	<b>\$6,000</b>

Escrow at 100%

Save at least 25% energy or water to be eligible

Underwrite a portion of projected savings