



Fannie Mae®

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# Fannie Mae Green Financing

ACEEE: Multifamily Lending

May 22, 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



## Drivers of Growth of Fannie Mae Green Financing

### Fannie Mae Green MBS Issuance and Cash Loans (2012 – 2017)



Source: Fannie Mae, as of Q4 2017

Fannie Mae Green Financing production increased as a result of:

- Calibrating **Product** incentives, underwriting and risk
- Aligning **Processes** of energy efficiency and mortgage financing
- Developing **Protocols** and tools applicable nationally
- Investing in reaching the right **People** with the right message
- Committing to **Piloting** and being patient



# 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 Case Study: Significant investments in building systems

<b>Green Rewards Loan</b>	<b>\$10.8M, Acquisition, Fixed Rate</b>
Property	118 units, 1979 construction
Budget/Unit	\$2,513
Improvements	Replace older A/C units with ENERGY STAR units Install 80 kW solar PV system
Additional Loan Proceeds / Underwriting	\$40,921 savings eligible to be underwritten 4.1% additional proceeds
Energy & Water Savings	28% Energy, 0% Water