



Fannie Mae Green Financing

February 2024



Green Financing Guide

Green Mortgage Loans

- No affordability requirement or minimum improvement budget
- Reduced operating expenses
- No-cost access to Fannie Mae Green Measurement & Verification Service

Making Some Improvements? Green Rewards

Benefits:

Preferential Green Pricing,
Free Energy and Water Audit, and
Increased Loan Proceeds

To Qualify:

Choose to implement Green improvements projected to reduce at least 30% combined energy and water, of which a minimum of 15% must be attributable to savings in energy consumption

Already Green? Green Building Certification

Benefits:

Preferential Green Pricing

To Qualify:

Property has one of the recognized Green Building Certifications in place by Rate Lock

Execution

Green Mortgage-Backed Security



Green Building Certification (GBC) Requirements and Benefits

Properties that have already invested in going green.

- **Preferential Green pricing reduces the interest rate of most loans, including acquisitions and refis.**
- **Towards Zero Certifications receive top pricing benefit.**
- Certification must be finalized and delivered by Rate Lock.
- Certifications available for new construction, major renovations, and existing properties.
- On a Pre-Review only basis, will extend preferential pricing benefit to MAH forward commitments.

35+ Eligible Certifications

A current list of the eligible certifications and requirements can be found in [Form 4250](#)



Pax Futura

Seattle, WA

Financing:

Green Building Certification

Certification:

PHIUS + certification from Phius (Passive House Institute U.S.)

CASE STUDY



2018
Year built



\$5.92M
Loan amount



36
Units



Green Building Certification delivers sustainability and energy efficiency

Combines highly efficient construction, deep energy efficiency features, and renewable energy generation.

Received preferential GBC pricing under Fannie Mae's **Towards Zero** certification group, the highest impact certifications.

Projected to reduce energy consumption and costs by at least **70%** compared to similar buildings.



Green Rewards Requirements and Benefits

Properties making energy and water saving improvements at refinance, acquisition or supplemental financing.

- Financial benefits:
 - Preferential Green pricing reduces the interest rate of most loans
 - Fannie Mae reimburses 100% of the cost of High Performance Building (HPB) Report.
 - **Up to 5% additional loan proceeds, subject to normal LTV constraints.**
- No minimum property age or improvement budget.
- Cost of improvements escrowed at 125%; must be completed within 12 months.



2023 Eligibility

30% energy + water savings combined, including a minimum energy savings of at least 15%.

Green Rewards Property Profile

What does the typical Green Rewards deal look like?

Property Type

- Market Rate or Affordable properties

Property Age

- **80%** of properties with Green Rewards Mortgage Loans were built between 1970-2010

Improvement cost

- Median installation cost was **\$629 per unit** in 2021 and 2022

Most popular improvements

- High efficiency interior and exterior lighting
- ENERGY STAR® certified learning thermostats
- Green Rewards can be used to support deeper energy retrofits, such as installation of solar photovoltaic systems



High Performance Building (HPB) Report

HPB Report identifies and quantifies energy and water saving opportunities

- Borrower selects final scope of work 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 250 unit, \$10 million loan	Estimated Project Cost	Energy Savings	Water Savings	Projected Owner Annual Cost Savings	Projected Tenant Annual Cost Savings
27 kW Solar Photovoltaic System	\$65,000	6%	-	\$6,000	\$3,000
WaterSense Low-flow Bathroom Faucets & Showerheads	\$15,000	4%	14%	\$18,000	
ENERGY STAR® Smart Thermostats	\$50,000	4%	-		\$4,000
ENERGY STAR® rated dishwashers	\$144,000	3%	2%	\$2,000	\$3,000
Total	\$274,000	17%	16%	\$26,000	\$10,000

Escrow at
125%

Save at least 30% energy
and water combined,
with at least 15% energy
savings to be eligible

Underwrite a portion of
projected savings



Green Rewards Extra Loan Proceeds

Underwrite a portion of projected cost savings to increase loan amount.

- Net Cash Flow may be increased by underwriting a portion of projected energy and water cost savings:
 - 75% of Owner projected savings
 - 25% of Tenant projected savings, if based on actual (not modeled) tenant data
- Up to 5% additional loan proceeds available, subject to normal LTV constraints.
- Underwriting of greater than 5% additional loan proceeds subject to Credit pre-review.

	Standard Loan	Green Loan
Net Cash Flow	\$805,000	\$805,000
75% of Projected Owner Energy and Water Cost Savings + 25% of Projected Tenant Energy and Water Cost Savings	-	\$22,000
Underwritten Net Cash Flow	\$805,000	\$827,000
Maximum Loan Amount	\$10,000,000	\$10,275,000
LTV	71%	73%
DSCR	1.25	1.25
Green Rewards Additional Loan Proceeds		\$275,000



Bayside Palms San Diego, CA

Harnessing solar power for manufactured housing communities with Green Rewards

Financing:
Green Rewards



Installed 143.81 kW solar pv system on all common-area parking structures. Projected to:

- Reduce whole property energy use by **45%**
- Cut whole property electricity costs by **90+%**
- Generate whole-property cost savings of **\$42,470** annually

Resulted in **\$103,000** of additional loan proceeds.

CASE
STUDY



1958
Year built



\$8.2M
Loan amount



107
Units



\$500,000
Savings over 10 years

