



Fannie Mae Green Rewards

Lower Pricing, Additional Loan Proceeds, and a Free Energy and Water Audit Report to Finance Smarter, Greener Property Improvements

Benefits

- Lower interest rate.
- Free Energy and Water Audit Report.
- Up to 5% more loan proceeds.
- Increased Net Cash Flow by underwriting projected energy and water cost savings.
- No minimum investment per unit.
- Attract more investors with the market's only Green MBS.

Eligibility

- All Asset Classes (excluding Manufactured Housing Communities) with at least 12 months of Stabilized Residential Occupancy; a Manufactured Housing Community is not eligible.
- Property owner must commit to property improvements that are projected to reduce the whole property's annual energy and/or water usage by at least 30%, of which a minimum of 15% must be attributable to projected savings in energy consumption.
- Improvements must be installed within 12 months of loan origination.
- Properties may be located anywhere in the U.S.
- Only Green Rewards loans that are projecting greater than 5% additional loan proceeds are Pre-Review.

Eligible Improvements

Eligible improvements include new ENERGY STAR® appliances, energy-efficient HVACs, low-flow toilets, LED lighting, and more.

Lien Priority

- First lien loans, supplemental loans, and second supplemental loans.
- For a second supplemental, 100% of the loan proceeds must go towards green improvement costs.

Availability of Additional Loan Proceeds

Up to 5% more than a conventional (non-green) DUS Loan.

Energy and Water Audit Report

100% paid by Fannie Mae. Report scope equivalent to ASHRAE Level 2 Energy Audit. Loan must close as Green Rewards.

Fannie Mae Green Rewards

Lower Pricing, Additional Loan Proceeds, and a Free Energy and Water Audit Report to Finance Smarter, Greener Property Improvements

Underwriting	75% of the owner and 25% of the tenant projected energy and water cost savings may be included in the Underwritten Net Cash Flow.
Execution Options	Green MBS.
Term	5 – 30 years.
Interest Rate	Fixed- and variable-rate options available.
Loan Amount	No minimum or maximum.
Leverage	Max. 80% LTV. Varies by asset class and product type.
Minimum DSCR	Varies by asset class and product type.
Prepayment Availability	Flexible prepayment options available including yield maintenance and declining prepayment premium.
Rate Lock	30- to 180-day commitments. Borrowers may lock the interest rate using the Streamlined Rate Lock option. The Energy and Water Audit Report must be approved by Fannie Mae five days prior to rate lock.
Accrual	30/360 and Actual/360.
Recourse	Non-recourse execution is available, with standard carve-outs for “bad acts” such as fraud and bankruptcy required.
Escrows	Costs for green investments escrowed at 100%.

Fannie Mae Green Rewards

Lower Pricing, Additional Loan Proceeds, and a Free Energy and Water Audit Report to Finance Smarter, Greener Property Improvements

Third-Party Reports

Standard third-party reports, including Appraisal, Phase I Environmental Assessment, and a Property Condition Assessment, are required. The Property Condition Assessment must include the High Performance Building module (Energy and Water Audit Report).

Assumption

Loans are typically assumable, subject to review and approval of the new borrower's financial capacity and experience.

Asset Management

Property improvements must be completed within 12 months. Completion of the agreed-upon property improvements must be verified. Borrower must report the Property's annual Energy Performance Metrics, including ENERGY STAR score.