



Fannie Mae®

September 2024

# Fannie Mae Single-Family Green Bond Framework



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# Background and Objective<sup>1</sup>

## Introduction

Fannie Mae is a government-sponsored enterprise (GSE) chartered by the United States Congress in 1938 to provide liquidity and stability to the U.S. housing market and promote access to mortgage credit. We do this primarily by purchasing residential mortgage loans from lenders who originate loans to borrowers. We securitize those loans into mortgage-backed securities (MBS), which are purchased by investors throughout the world. We do not originate loans or lend money directly to borrowers.

Our mission is to facilitate equitable and sustainable access to homeownership and quality affordable rental housing across America, supporting both Single-Family and Multifamily housing. Our Single-Family business provides financing to individuals and families for properties that have four or fewer residential units, and our Multifamily business provides financing for professionally owned and operated residential buildings with five or more units. We accomplish our mission while managing risks to our firm and the U.S. housing finance system.

Since September 6, 2008, Fannie Mae has operated under the conservatorship of the Federal Housing Finance Agency (FHFA) and subsequently entered into a senior preferred stock purchase agreement with the U.S. Department of the Treasury that permits us to continue to fulfill our mission.

## Fannie Mae Single-Family Mortgage Business

The Single-Family business provides liquidity to the mortgage market primarily by acquiring single-family loans from lenders and securitizing those loans into Fannie Mae MBS, which are either delivered to the lenders or sold to investors or dealers. Fannie Mae's Single-Family business also supports liquidity in the mortgage market and the businesses of our lenders through other activities, such as issuing structured Fannie Mae MBS backed by Single-Family mortgage assets and buying and selling Single-Family agency mortgage-backed securities.

The Single-Family business securitizes and purchases primarily conventional (i.e., not federally insured or guaranteed) single-family mortgage loans, both fixed-rate or adjustable-rate, or mortgage-related securities backed by these types of loans. Fannie Mae also securitizes, or purchases loans insured by the Federal Housing Administration, loans guaranteed by the U.S. Department of Veterans Affairs, loans guaranteed by the Rural Development Housing and Community Facilities Program of the U.S. Department of Agriculture, manufactured housing mortgage loans, and other mortgage-related securities.

## Fannie Mae Single-Family Green MBS and Governance

Fannie Mae began issuing Single-Family Green MBS in April 2020 as an expansion of the company's existing Green Bond Program and leveraging its existing Single-Family MBS Program, including its Uniform Mortgage-Backed Securities (UMBS). A core component of Fannie Mae's MBS Program is the ability to issue a security backed by previously issued securities. In the case of UMBS resecuritization, the underlying security collateral may have been issued solely by Fannie Mae, solely by Freddie Mac, or a combination of both entities. As such, Fannie Mae may issue a Single-Family Green MBS securitized by previously issued Fannie Mae Single-Family Green MBS and/or Freddie Mac Single-Family Green MBS. For securities backed by Freddie Mac Single-Family Green MBS, Fannie Mae relies on Freddie Mac's determination of mortgage eligibility under its Single-Family Green Bond Framework, its designation of its MBS as Single-Family Green MBS, and the alignment of its Framework with the International Capital Market Association (ICMA) Green Bond Principles.

The Single-Family Green MBS business strategy is led by Fannie Mae's Vice-President for Capital Markets and includes a dedicated team of finance, communications, and sustainability experts. The team's expertise includes finance, energy and water efficiency technologies, renewable energy, and energy benchmarking protocols to Green Building Certifications (including water efficiency certifications). This group reports on issuance and performance of the Single-Family Green MBS business to the executive leadership of Capital Markets and the Single-Family Business.

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<sup>1</sup> This section was updated in May 2025 to reflect recent organizational changes at Fannie Mae.

## Use of Proceeds

Fannie Mae has designed this framework to align with the International Capital Markets Association (ICMA) Green Bond Principles, specifically the Green Buildings, Renewable Energy, and Energy Efficiency Project categories. The proceeds from the sale of Fannie Mae's Single-Family Green MBS are used to finance properties achieving certain environmental performance standards, such as:

- Green Building Certification Loans – Financing loans backed by properties that have been awarded eligible Green Building Certifications (GBC), that achieve 10% more energy efficiencies than residential properties built to state energy codes, at the time construction is completed or within five years from the date Fannie Mae purchased the loan, and/or
- Solar Loans – Financing loans backed by newly constructed properties or existing homes which use solar photovoltaic (PV) systems as a source of renewable energy generation that produce a minimum of a 20% reduction of the home's electricity consumption, and/or
- Water Efficiency Loans – Financing loans backed by properties that have achieved a Water Certification in water stressed/water scarce areas, that achieves a water use reduction of at least 30%, at the time construction or retrofits are completed or within five years from the date Fannie Mae purchased the loan.

### Green Building Certification Loans

To be eligible for Fannie Mae's Green MBS program, the property backing the loan must be awarded a certification recognized by Fannie Mae as achieving a minimum energy savings of 10% over the state energy codes. Properties built to the eligible certifications are designed and constructed to deliver better durability, better comfort, and reduced utility and maintenance costs. As of 2024, Fannie Mae recognizes nine eligible certifications (see tables below for organizations and eligible versions). On an annual basis, Fannie Mae collaborates with an independent consultant to reassess all available certifications to determine if new certifications should be added and to evaluate currently eligible certifications to ensure they continue to meet the minimum program guidelines. This annual review process also groups the certifications into two categories, the Main Group, and the Toward Zero Group. The Main Group has a baseline equivalency to ENERGY STAR V3.1 which requires at least a 10% improvement in energy savings over the state energy code where the property is located. The Toward Zero Group identifies certifications which require the properties to have a greater than 50% reduction in energy use over the state energy code where the property resides.

Note: Beginning in January 2024, the Main Group baseline equivalency for the program increased to ENERGY STAR V3.1, and Fannie Mae now requires this latest version or higher (and equivalent GBCs) for newly constructed properties completed in 2024 forward.

Toward Zero						
Certifications that require a greater than 50% reduction of energy use.						
Organization	Green Building Certification Type	Version	Levels	Application	Reference Standard	Single-Family Energy Savings vs. IECC 2015
Home Innovation Research Labs	NGBS Green+ Net Zero Energy	2020	Badge	New Construction	USMEDIAN	100.0%
International Living Future Institute	Living Building Challenge	3	Certified Living	New Construction And Existing Building	USMEDIAN	100.0%
International Living Future Institute	Living Building Challenge	3.1	Certified Living	New Construction And Existing	USMEDIAN	100.0%

				Building		
<b>International Living Future Institute</b>	Zero Energy	1	Certified	New Construction And Existing Building	USMEDIAN	100.0%
<b>USGBC</b>	LEED Zero	LEED Zero Energy	Zero Energy	New Construction	ENERGYSTARHOMES V3	100.0%
<b>Passive House Institute US (PHIUS)</b>	PHIUS+ Certified	2018	PHIUS+ Core PHIUS+ 2018 PHIUS+ Zero	New Construction	PHIUS2018	69.6%
<b>Passive House Institute US (PHIUS)</b>	PHIUS Certified	2021	PHIUS Core PHIUS Core Prescriptive PHIUS Zero	New Construction	PHIUS2021	65.0%
<b>Passive House Institute (PHI)</b>	Certified Passive House	9	Classic, Plus, Premium	New Construction	PHI	50.3%
<b>Passive House Institute (PHI)</b>	Certified Passive House	10	Classic, Plus, Premium	New Construction	PHI	50.3%
<b>Main Group</b>						
<b>ENERGY STAR v3.1 or equivalent</b>						
Organization	Green Building Certification Type	Version	Levels	Application	Reference Standard	Single-Family Energy Savings vs. IECC 2015
<b>Passive House Institute (PHI)</b>	EnerPHit Certified Retrofit	9	Classic, Plus, Premium	Existing Building	PHILEB	37.8%
<b>Passive House Institute (PHI)</b>	EnerPHit Certified Retrofit	10	Classic, Plus, Premium	Existing Building	PHILEB	37.8%
<b>Passive House Institute (PHI)</b>	PHI Low Energy Building	9	Certified	New Construction and Existing Building	PHILEB	37.8%
<b>Passive House Institute (PHI)</b>	PHI Low Energy Building	10	Certified	New Construction and Existing Building	PHILEB	37.8%
<b>Build it Green</b>	GreenPoint Rated New Home Single Family	8	Certified, Silver, Gold, Platinum	New Construction	TITLE242019	37.1%
<b>Build it Green</b>	GreenPoint Rated New Home Single Family	8.3	Certified, Silver, Gold, Platinum	New Construction	TITLE242019	37.1%

<b>Build it Green</b>	GreenPoint Rated New Home Single Family	9	Certified, Silver, Gold, Platinum	New Construction	TITLE242019	37.1%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Single-Family New Homes	3.3	Certified	New Construction	TITLE242019	37.1%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Multifamily New Construction	1.3	Certified	New Construction	TITLE242019	37.1%
<b>International Living Future Institute</b>	CORE Green Building Certification	1	Certified	New Construction And Existing Building	USMEDIAN	33.2%
<b>International Living Future Institute</b>	Living Building Challenge	4	Certified Living	New Construction And Existing Building	USMEDIAN	33.2%
<b>Green Home Institute</b>	GreenStar Homes	v4	Certified Silver Gold Platinum	New Construction and Existing Building	IECC2006	33.2%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Multifamily New Construction	1.2	Certified	New Construction	ASHRAE2019	29.3%
<b>U.S. Department of Energy</b>	Zero Energy Ready Home	2	Certified	New Construction	ENERGystarHOM ESV32	25.2%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Single-Family New Homes	3.2	Certified	New Construction	ENERGystarHOM ESV32	25.2%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR NextGen	2023	Certified	New Construction	ENERGystarHOM ESV32	25.2%
<b>International Finance Corporation</b>	EDGE	3	EDGE Advanced EDGE Zero Carbon EDGE Certified	New Construction	ASHRAE2016	20.9%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Single-Family New Homes	3.1	Certified	New Construction	ENERGystarHOM ESV31	10.0%

Main Group						
ENERGY STAR v3.1 or equivalent						
Organization	Green Building Certification Type	Version	Levels	Application	Reference Standard	Single-Family Energy Savings vs. HUD Code
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Manufactured New Homes	V2.0	Certified	New Construction	HUD Code	19%
<b>U.S. Environmental Protection Agency</b>	ENERGY STAR Manufactured New Homes	V3.0	Certified	New Construction	HUD Code	28-32%
<b>U.S. Department of Energy</b>	Zero Energy Ready Home (ZERH) Manufactured Homes	v1.0	Certified	New Construction	HUD Code	34-38%
<b>Northwest Energy Efficient Manufactured Housing Program (NEEM)</b>	NEEM	v1.1	Certified	New Construction	HUD Code	20%
<b>Northwest Energy Efficient Manufactured Housing Program (NEEM +)</b>	NEEM +	V2.0	Certified	New Construction	HUD Code	32%

## Solar Loans

Loans backed by properties with Solar PV systems are eligible for Fannie Mae's Single-Family Green MBS program. These loans can be used by borrowers who are financing a home with an existing solar PV system, refinancing a home with the proceeds paying off outstanding debt used for solar PV installation, or purchasing or refinancing a home with the loan proceeds being used to add solar PV to the property. To be eligible for consideration in the Single-Family Green MBS, the Solar PV systems must produce a minimum of a 20% reduction of the home's electricity consumption on an annual basis.

## Water Efficiency Loans

Loans backed by properties located in water stressed/water scarce areas with Water Certifications achieving a water use reduction of at least 30% are eligible for Fannie Mae's Green MBS Program. Eligible certifications maximize water efficiency at the lowest-cost intervention point (e.g., for new construction, when the home is being designed and built) and reduce the impact on existing water resources while providing utility savings for homeowner. In line with our current review requirements for GBCs, Fannie Mae will also review and evaluate new and existing Water Certification programs to determine if new certifications meet our eligibility requirements and should be included in our program, and whether currently eligible certifications continue to meet the minimum program guidelines. See table below for organizations and eligible versions included in our program.

Eligible Water Certifications					
Organization	Green Building Certification Type	Version	Levels	Application	Savings compared to homes built to code
U.S. Environmental Protection Agency	WaterSense	v2	Certified	New and Existing Construction	30%
ILFI	Living Building Challenge Core	v4	<b>Certified</b>	<b>New and Existing Construction</b>	30% Existing Building 50% New Construction
ILFI	Living Building Challenge Water Petal	v4	Certified	New and Existing Construction	100%

## Process for Project Evaluation and Selection

To secure the Single-Family Green MBS designation, all eligible loans sold to Fannie Mae by a lender must be backed by residential properties that meet the following environmental performance standards:

- an approved GBC that achieves at least a 10% improvement in efficiency over the state energy code,
- at least a 20% reduction in a home's electricity usage offset by solar PV generation, and/or
- an eligible Water Certification with a minimum of a 30% reduction in water consumption and homes built in water stressed/water scarce areas as identified by the United States Environmental Protection Agency (EPA) or other industry recognized source.

In addition, before the MBS is issued, Fannie Mae will independently verify:

- The GBC by validating the existence of a valid certification through a proprietary database developed to capture certification details, and/or
- A minimum of 20% reduction in electricity usage by reviewing property data to analyze the percentage of electricity usage offset by solar generation, and/or
- The Water Certification by validating the existence of a valid certification through a proprietary database developed to capture certification details as well as ensuring that the property is located in a water stressed/water scarce area.

## Management of Proceeds

Each Fannie Mae Single-Family Green MBS supports loans backed by single-family properties that have achieved and were awarded a GBC, Water Certification and/or met the performance eligibility target for Solar PV. The management of the proceeds from these securities is consistent across Fannie Mae's Single-Family securitization programs. Mortgage lenders originate eligible loans and deliver those loans to Fannie Mae. Fannie Mae securitizes those loans into a fully guaranteed MBS. As a result of the MBS securitization process, proceeds received from these MBS transactions support the origination of the loans by replenishing capital to lenders so that lenders can make loans available to borrowers in the future.

All mortgages in our Green MBS 1) satisfy the criteria set forth in our Selling and Servicing Guides and 2) meet the applicable criteria described in this framework. Unlike a traditional corporate debt issuance where guidelines govern how we manage the funds over time, these funds have already been invested toward the acquisition of a loan that meets our Green Bond criteria.

## Governance and Internal Audit

As part of the process for Fannie Mae to buy a mortgage loan from a lender, the lender is required to represent and warrant that the loans it is selling Fannie Mae meet general criteria described in the Fannie Mae Single-Family Selling Guide. Lenders must also represent that such loans have received an eligible GBC, a 20% reduction in electricity usage offset by solar PV and/or an eligible Water Certification for loans to be eligible for pooling into our Single-Family Green MBS. Once the loan is delivered to Fannie Mae and prior to pooling, we use the property characteristics to validate that the property did receive an eligible certification and/or achieves the 20% electricity usage offset. If we find that the property backing the loan did not have a valid certification or does not meet the minimum solar offset percentage, we will not allow the loan to be pooled into a Single-Family Green MBS. However, the loan would remain eligible for pooling into other single-family pools.

## External Reporting

To support Fannie Mae's Single-Family Green MBS, we maintain a webpage that provides a high-level overview of the program, as well as a listing of the Green MBS issued to date. Fannie Mae provides additional green disclosures on Fannie Mae's Single-Family disclosure platform PoolTalk® that consists of attributes identifying MBS that are fully backed by properties that were awarded eligible GBCs, eligible Water Certifications, and/or have Solar PV systems that meet the minimum reduction in electricity usage eligibility criteria.

Fannie Mae also publishes an annual investor impact report for securities issued the preceding year, providing projected annual energy saved (kBtu), projected annual emissions saved (MTCO<sub>2</sub>e), and projected gallons of water saved, as well as projected annual utility cost savings. To avoid double-counting, we will not provide impact reporting for securities backed by previously issued Fannie Mae and/or Freddie Mac collateral.

## Appendix

### Process for project evaluation and selection of Green Building Certification Mortgage loans

To secure the Single-Family Green MBS designation on a loan with an eligible GBC:

1. The delivered loan must conform to all requirements stated in the Fannie Mae Single-Family Selling Guide and have obtained an eligible GBC.
2. The loan is identified as eligible by the Lender or through an automated check at delivery, which occurs after locking the rate and closing the loan with the borrower.
3. Once the loan is delivered, Fannie Mae will independently validate the certification through a proprietary database developed to capture the certification details.
4. Failure to meet any of the above conditions will result in the inability of the loan to be pooled in a Single-Family Green MBS.

### Process for project evaluation and selection of Solar PV Mortgage loans

To secure the Single-Family Green MBS designation on a Solar PV loan:

1. The delivered loan must conform to all requirements stated in Fannie Mae Single-Family Selling Guide and verified with a minimum of 20 percent of electricity usage reduced by Solar PV.
2. The lender must identify these loans upon delivery to Fannie Mae, which occurs after locking the rate and closing the loan with the borrower.
3. Once the loan is delivered, Fannie Mae will independently validate the HES report and eligibility percentage through a proprietary database developed to capture the data from the HES report.
4. Failure to meet any of the above conditions will result in the inability of the loan to be pooled in a Single-Family Green MBS.

### Process for project evaluation and selection of Water Efficiency loans

To secure the Single-Family Green MBS designation on a loan with an eligible Water Certification:

1. The delivered loan must conform to all requirements stated in the Fannie Mae Single-Family Selling Guide, have obtained an eligible Water Certification, and be located in a water stressed/water scarce area as defined by the US EPA or other industry recognized source.
2. The loan is identified as eligible by the Lender or through an automated check at delivery, which occurs after locking the rate and closing the loan with the borrower.
3. Once the loan is delivered, Fannie Mae will independently validate the certification through a proprietary database developed to capture the certification details.
4. Failure to meet any of the above conditions will result in the inability of the loan to be pooled in a Single-Family Green MBS.

## Investor Disclosure

Fannie Mae's Single-Family Business publishes at-issuance and ongoing data for all Single-Family MBS through a web-based system called [PoolTalk](#). Through PoolTalk, investors can obtain comprehensive information about single-family securities and the underlying loans. Work is also in progress to incorporate attributes in the MBS disclosures identifying MBS that are fully backed by properties that were awarded eligible GBCs, Water Certifications, or meet the Solar PV loan criteria.

In addition to maintaining the Single-Family Green MBS webpage, Fannie Mae issues disclosure files that feed third-party sites such as Bloomberg, Intex, and eMBS. These third-party data providers are also working to improve their Green-related disclosures. Bloomberg has updated its description (DES) screen to identify Single-Family Green MBS, enabling investors to quickly determine if a bond falls under the Green Financing Business. The Bloomberg notation is identical to what is currently being presented for Fannie Mae's Multifamily Green MBS.

The Single-Family Green MBS team continues to work with these data providers to help investors with a Socially Responsible Investment (SRI) mandate to determine the appropriateness of Green MBS as a part of their investment portfolio.

## Bloomberg Green Bond Flag

The screenshot shows a Bloomberg terminal displaying detailed information for a Mortgage Backed Security (MBS) pool. The top header includes the pool identifier 'FN CB6830 Mtge', dates '93-25<sup>7</sup>/<sub>8</sub>', '93-25<sup>1</sup>/<sub>8</sub>/93-26<sup>5</sup>/<sub>8</sub>', 'Yield 5.399/5.392', 'Coupon 4.500%', and 'BVAL'. It also indicates the status 'As of 15 Sep Prepay 114PSA Fannie Mae Pool' and 'BAM TOAS 43.7'. The main table displays various metrics for the pool, including '100% FNCL 4.5 N 5.454(354)5 CUSIP 3140QSSU6 Pool Level', and a breakdown of coupon rates (4.500%, WAC, WARM, WALA) and prepayment speeds (117, Delay, 54, 24). The interface also shows collateral information, issuer details (FNMA), and a breakdown of the pool by state and UPB. A note at the bottom states: '+Value calculated by Bloomberg'.