

FANNIE MAE DUS®

Green Rewards

A product feature that provides lower pricing, additional loan proceeds, and a free Energy and Water Audit Report to finance smarter, greener property improvements.

Eligible improvements include new ENERGY STAR® appliances, energy efficient HVACs, WaterSense labeled low-flow fixtures, LED lighting, solar photovoltaic (PV) systems, and more.

BENEFITS

- Lower interest rate.
- Free Energy and Water Audit Report and Technical Solar Assessment.
- Up to 5% more loan proceeds.
- Increase Net Cash Flow by underwriting projected energy and water cost savings.
- No minimum investment per unit.
- Attract more investors with a Green MBS.

ELIGIBILITY	<ul style="list-style-type: none"> • All Asset Classes with at least 12 months of Stabilized Residential Occupancy; a Manufactured Housing Community is eligible only if a solar PV system is selected as an efficiency measure. • 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 projected energy savings. • Improvements must be installed within 12 months of loan origination. • Properties may be located anywhere in the U.S. • Green Rewards Mortgage loans that are projecting greater than 5% additional loan proceeds or include a solar PV system as a selected efficiency measure are Pre-Review.
LIEN PRIORITY	<p>First lien Mortgage Loans, Supplemental Mortgage Loans, and second Supplemental Mortgage Loans.</p> <p>For a Second Supplemental Mortgage Loan, 100% of the loan proceeds must go towards the cost of green efficiency improvements.</p>
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. Mortgage Loan must close as Green Rewards.
TECHNICAL SOLAR ASSESSMENT	100% paid by Fannie Mae for Green Rewards Mortgage Loans if the High Performance Building Report (Energy and Water Audit Report) determines that the Property is suitable for, and the Borrower elects to install, a solar PV system as an Efficiency Measure. Mortgage Loan must close as Green Rewards.
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.
INTEREST RATE ADJUSTMENTS	Adjusts based on changes to the underlying Index and is equal to the Index plus the Margin. A SARM Loan has no limit on rate changes that may occur over the loan term.
TERM	5 to 30 years.

For important disclosures about Lument and the information found in this term sheet [click here](#).

LOAN AMOUNT	No minimum or maximum.
INTEREST RATE	Fixed- and variable-rate options available.
MAXIMUM 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	<p>30- to 180-day commitments. Borrowers may lock the interest rate using the Streamlined Rate Lock option. If Fannie Mae approval of the Energy and Water Audit Report is required, the report must be approved by Fannie Mae at least five days prior to Rate Lock.</p> <p>The Technical Solar Assessment must be submitted for Fannie Mae approval at least 10 days prior to Rate Lock.</p>
ACCRUAL	30/360 and Actual/360.
RECOURSE	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.
ESCROWS	Costs for green efficiency improvements escrowed at 100%.
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). A Technical Solar Assessment is also required for any Property with a solar PV system selected as an Efficiency Measure.
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 after the Mortgage Loan Origination Date. Lenders will verify the completion of the agreed-upon property improvements. Borrower must report the Property’s annual Energy Performance Metrics, including ENERGY STAR score. Any Property on which the Borrower elects to install a solar PV system as an Efficiency Measure must also report Energy Produced (kWh).