

FNMA Single-Family Green Program Sales & Operations Program Summary

Training Date: September 4, 2024

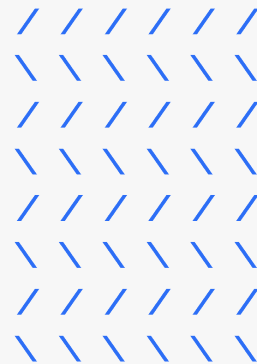
Rollout Date: September 5, 2024

Who is eligible to participate at PMC



- All PMC Loan Officers!

Benefits: Why and How to Use this Program



—————

This program promotes environmental sustainability and impact in homes Princeton finances and in the numerous communities Princeton serves!

Benefit to Borrower: The Borrower is purchasing or refinancing a home that is at least rated 10% more efficient than the state energy code. Projected average yearly savings to a Borrower of \$235 (based on 2022 utility rates).

Benefit to Builder: Tax Credits! The Inflation Reduction Act ties eligible tax credits for builders to building homes meeting the Green Program requirements. Examples are Energy Star (\$2500) and Department of Energy Zero Energy Ready Homes (ZERH)(\$5000) Certifications, which are two of the most common. This helps encourage builders to build more energy efficient homes and increase the supply of affordable green building certified homes in the market.

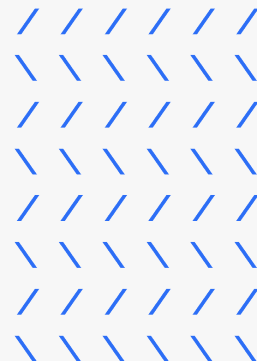
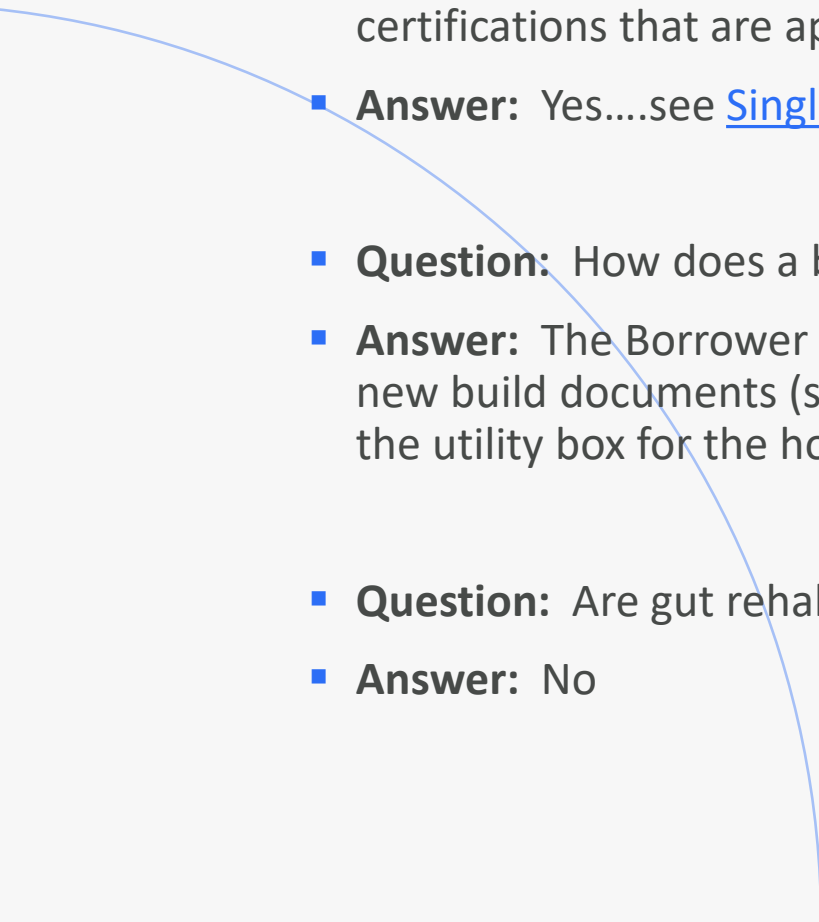
Marketing to Builders: By originating loans under this Fannie Mae program, Princeton will have the prestige of joining the select ranks of approximately 10 lender/builder partners nationwide!

Key Parameters

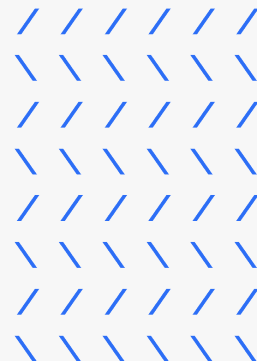
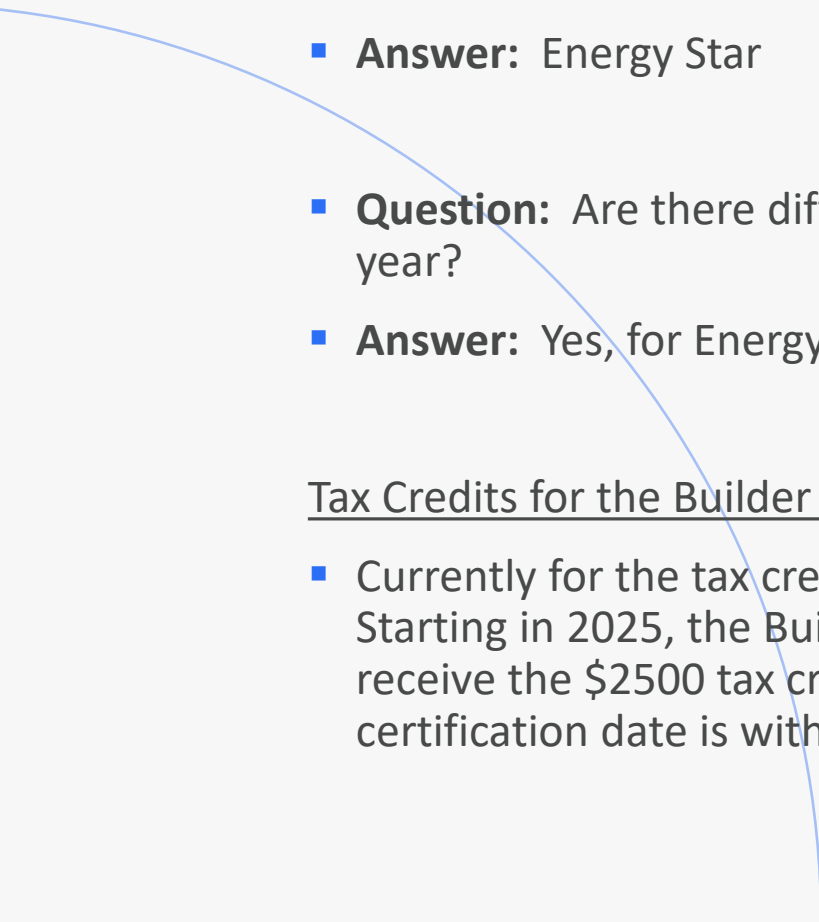
FNMA Green Program

- Loan must be an eligible newly constructed 1-4-unit property with an eligible ‘green’ building certification dated within 5 years of the delivery date to Fannie Mae.
- Because of the 5-year requirement, we will be capturing the certification date within Encompass and ensuring the loan does not close beyond 4 years and 11 months from that date, to ensure sufficient time for delivery to Fannie Mae.
- Transaction can be a purchase or a refinance.
- Standard Fannie Mae max LTV/CLTV guidelines apply.
- All eligible property types are permitted (no manufactured homes).
- AUS must be Desktop Underwriter (DU) Approve/Eligible and contain the Special Feature Code 784 (the program code is set up to automatically trigger that code).
- Loan must comply with all FNMA program requirements as well as the requirements for this FNMA Single-Family Green Program. In the event of a conflict, the more conservative requirements apply.

Questions/Answers Re Green Building Certified Programs

- 
- 
- **Question:** Does Fannie Mae maintain a list of Eligible Green Building Certified Programs (any certifications that are approved for the program, like Energy Star)?
 - **Answer:** Yes....see [Single-Family Green MBS Approved Certifications \(fanniemae.com\)](https://www.fanniemae.com/single-family-green-mbs-approved-certifications)
 - **Question:** How does a borrower know the property is built to the “Green” Certified Program?
 - **Answer:** The Borrower will receive a Green Building Certified Program Certificate with their new build documents (such as the Builder Warranty, etc.). Additionally, a sticker is affixed to the utility box for the home that will identify it.
 - **Question:** Are gut rehabs permitted under this program?
 - **Answer:** No

Questions/Answers re Green Building Certified Programs

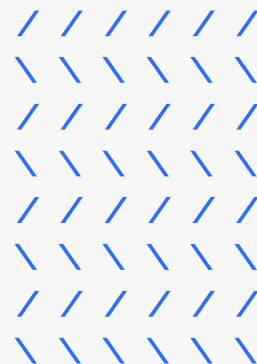
- 
- 
- **Question:** Which is more common...the Department of Energy Certification or Energy Star?
 - **Answer:** Energy Star

- **Question:** Are there different versions/changes to the certification program from year to year?
- **Answer:** Yes, for Energy Star—see below:

Tax Credits for the Builder via Energy Star:

- Currently for the tax credit, the Green Certification must be Energy Star 3.1 through 2024. Starting in 2025, the Builder will need the home to be Energy Star 3.2 Green Certified to receive the \$2500 tax credit. (Note that Fannie Mae will still take prior versions as long as the certification date is within 5 years of the delivery date to Fannie Mae.)

Questions/Answers re Green Building Certified Programs



- **Question:** What happens if the subject property turns out to not be “Green” certified?
- **Answer:** Just have the Processor submit a COC to change the loan program to a standard agency program.
- **Question:** What if the builder is not familiar with how to build to “Green” certifications?
- **Answer:** We, as a lender-partner with Fannie Mae, can assist and help facilitate those discussions.

Program Codes

-
- Note that FNMA restricts this to a fixed-rate amortization.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with the program will populate.

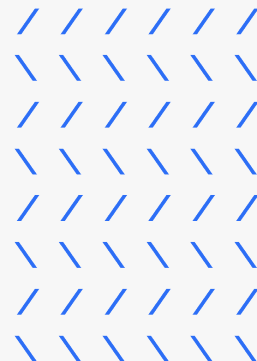
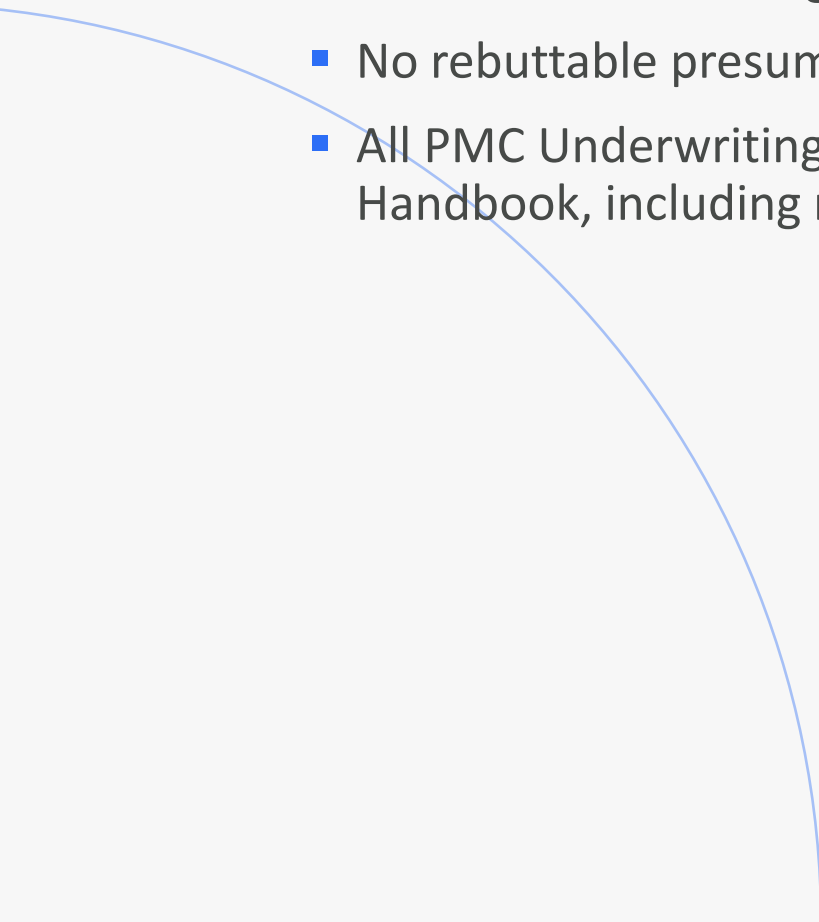


PROGRAM CODES

Fannie Mae Green Program-Conventional
Fixed (Fix 15 or Fix30)

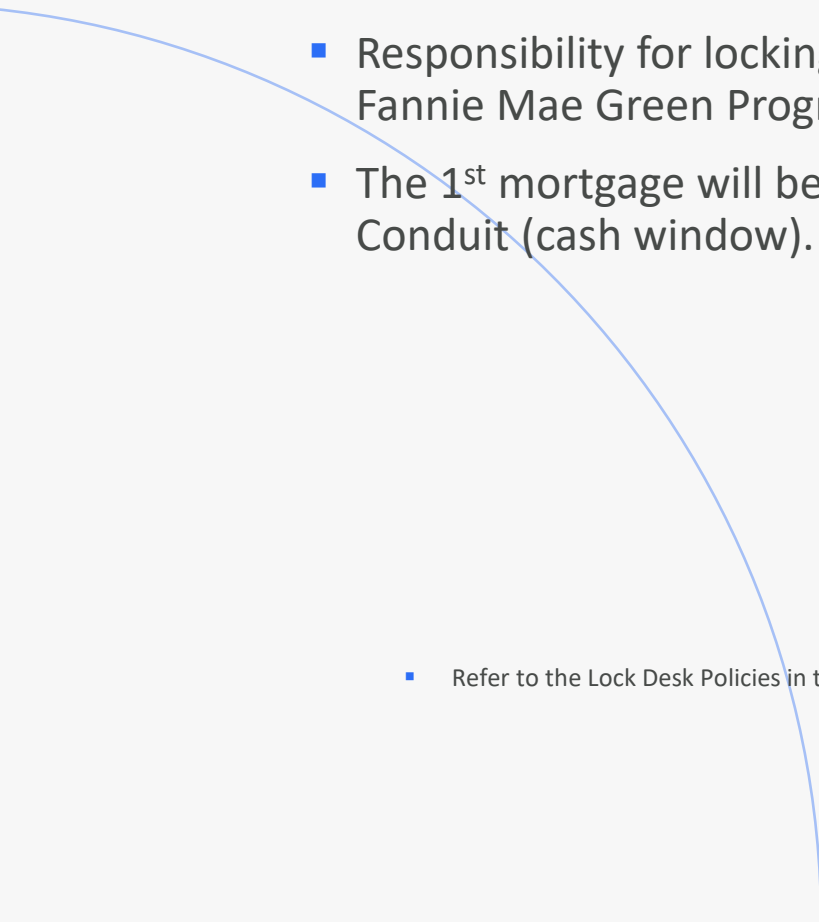
FNMA Green Program—PMC Overlays

Understanding the Limits

- 
- 
- If Conventional Mortgage Insurance (MI) is required, it must be non-delegated.
 - No rebuttable presumption nor HPML.
 - All PMC Underwriting Overlays apply, as outlined in the PMC Policy & Procedure Handbook, including no conventional manual underwrites.

FNMA Green Program--Locking the Loan

Understanding the Process

- 
- 
- In Optimal Blue, you will lock the loan under the Fannie Mae Green fixed rate program.
 - Responsibility for locking the 1st mortgage loan: Loan Officer through Optimal Blue. Select the Fannie Mae Green Program in Optimal Blue (available commencing 9/5/24).
 - The 1st mortgage will be sold on the secondary market through the Fannie Mae Whole Loan Conduit (cash window). Standard LLPAs apply.
-
- Refer to the Lock Desk Policies in the PMC Policy and Procedure Handbook for information on lock desk timeframes/service level agreements.

Questions/Scenarios

Where to Go for Help

- For any questions, PMC sales should email scenarios@princetonmortgage.com .
(PMC needs visibility for any scenarios, and this also allows us to ascertain if there are additional training or resource needs.)
- Remember that for TBD files, we recommend utilizing the TBD process and submitting to underwriting for review.
- Resources:
 - PMC Hub—Policies, Procedures, and Products Tab—Click on the “FNMA Green” Button.

Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

The **Disclosure Desk** is responsible for disclosing the 1st mortgage using the normal templates. No extra fees are involved. Loan must comply with all ATR/QM requirements. Neither Rebuttable Presumption nor HPML are permitted (PMC Overlay).



Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

Opening follow standard procedures.

Appraisal Desk—follow standard procedures and make appraiser aware that property is being built to Fannie Mae Green Program requirements (if known at the time of appraisal order).



Ops Responsibilities

Secondary Marketing

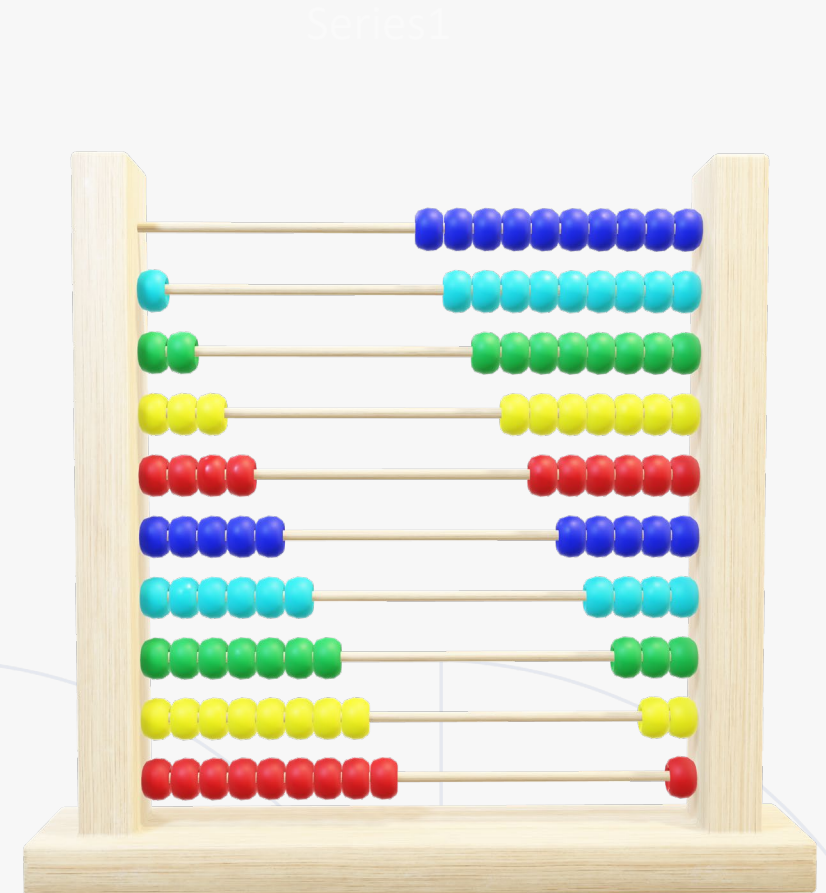
- 1** Receive in lock registration requests via Optimal Blue (OB). Locks can only be done on real property transactions with sales contracts (no TBDs).
- 2** Lock the mortgage loan following the normal procedures –choosing the Fannie Mae Green Program in OB.



Ops Responsibilities

Underwriting Team

- 1** The loans follow the standard underwriting process. Underwriter is responsible for ensuring the loan meets all FNMA Green and FNMA standard program requirements.
- 2** File UW is responsible for ensuring the AUS reflects the Special Feature Code of 784 for the Green Program (should auto-populate from the initial selection of the “Green Program” at the start of the loan file.)
(If program changes via COC to a regular FNMA non-green program at some point, the SFC 784 should be removed by the underwriter; please double-check it at time of Final Approval to ensure removed on AUS.)
- 3** File UW is responsible for ensuring we receive a satisfactory “Green” program certificate prior to final approval and the certificate date is entered into the Date Tracking Screen.



Ops Responsibilities

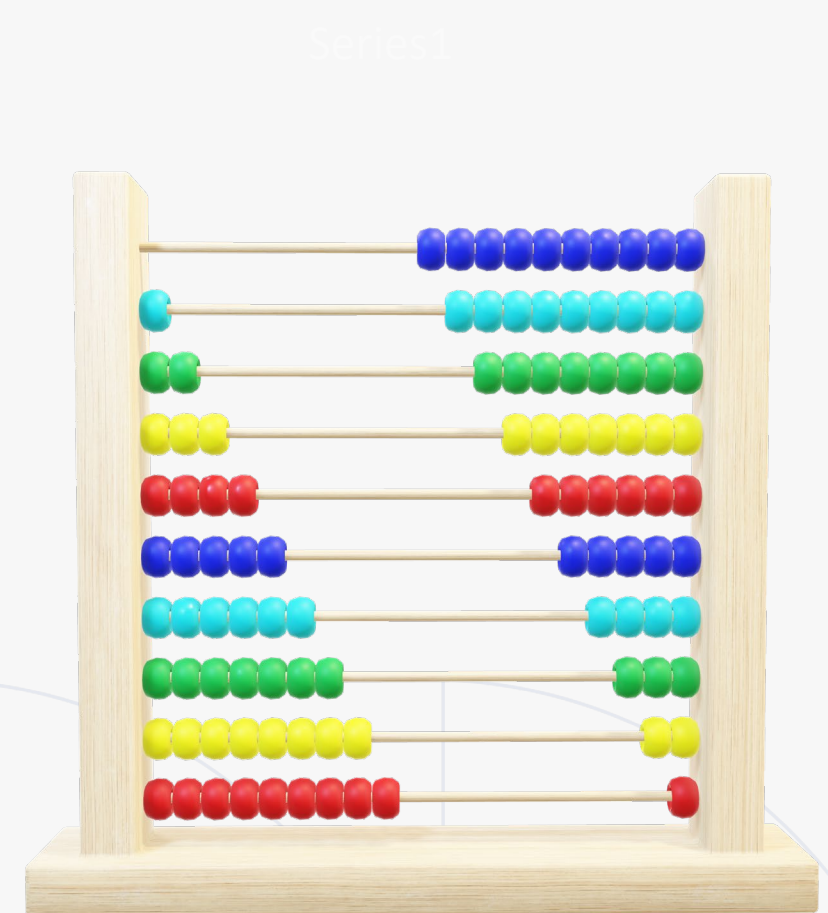
Underwriting Team

- 4 Note that the loan will auto-populate with a program-specific condition at the time of the MLO selection of the Green Program.

The condition states:

Satisfactory receipt and review of a green building certification dated within 4 years 11 months at time of closing (since it must be dated within 5 years at time of loan delivery to Fannie Mae). Date of issuance of the Green Building Certification is to be input into Encompass in the date tracking screen.

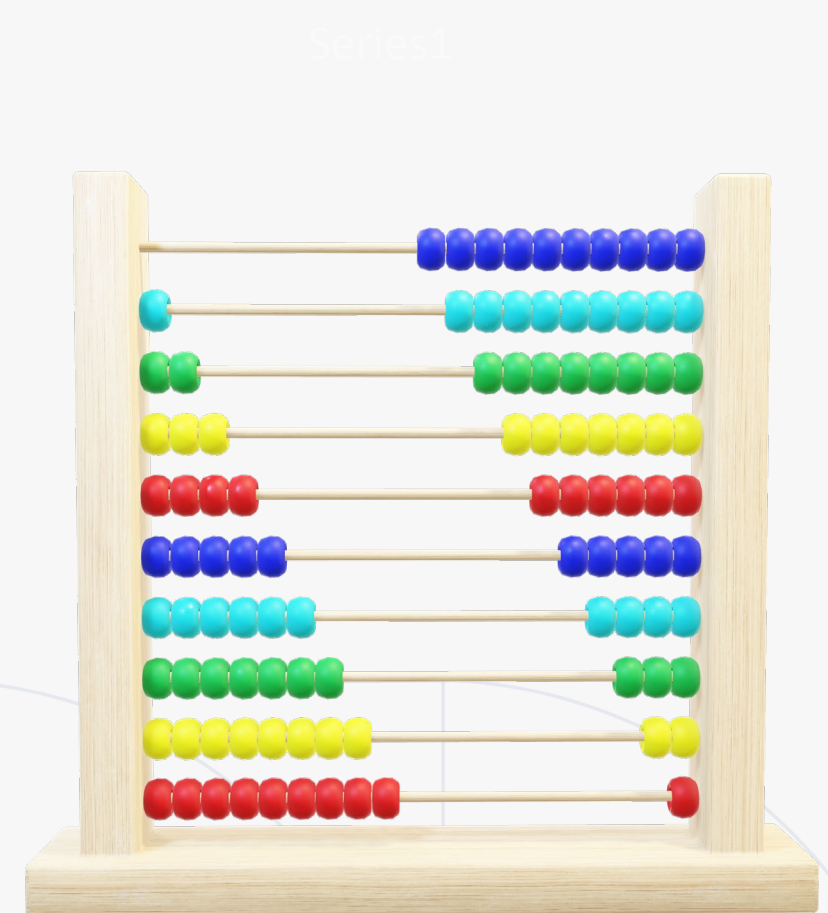
- 5 PMC Overlay: If MI is required, it must be non-delegated. No rebuttable presumption/HPML permitted.



Ops Responsibilities

Underwriting Team

- 6** Fannie Mae Early Check: This will automatically run in Encompass at the time the Submit to Underwriting and Final Approval milestones are selected. If there are edits that need to be addressed, the Underwriter is responsible for reviewing and addressing them such that the Early Check is satisfactory (uw will need to re-run manually from the Services Tab in Encompass). Early Check will also provide its results in an eFolder in Encompass labeled “Early Check”.



Ops Responsibilities

Processing Team

Series 1

10/1

1

The Processor follows the standard loan processing flow.



Ops Responsibilities

Closing/Funding Team



- 1** The Closing Team is responsible for issuing the initial and final Closing Disclosures using the normal templates. Loan must comply with all ATR/QM requirements. Neither Rebuttable Presumption nor HPML are permitted.
- 2** Follow the normal closing and funding process. It will have the normal Fannie Mae plan codes (normal conventional Fix 15 or Fix 30).
- 3** When funding these loans, ensure the funding order request to the warehouse is labeled as a conventional FNMA Fix 15 or Fix 30.

Ops Responsibilities

Post-Closing Team

- 1 Post Closing follows standard delivery procedures.







Thank you!