

2025 Freddie Mac Single-Family Green MBS Framework

Effective January 2025



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I. Introduction

The purpose of this Framework is to provide transparency into Freddie Mac's Single-Family Green Mortgage-Backed Securities (MBS). Specifically, this Framework describes the collateral that is eligible for this program, illustrating how this program furthers Freddie Mac's sustainability strategy and fits into the June 2021 (with June 2022 Appendix 1) [International Capital Market Association's \(ICMA\) Green Bond Principles](#). This Framework was developed to support our sustainability strategic priorities and is intended to enable investors to join us in promoting equity and affordability in the U.S. housing market.

Freddie Mac

Freddie Mac is a government-sponsored enterprise chartered by Congress in 1970 with a mission to provide liquidity, stability, and affordability to the U.S. housing market. We do this primarily by purchasing single-family and multifamily residential mortgage loans originated by lenders. In most instances, we package these loans into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest-rate and liquidity risks to third-party investors. In addition, we transfer a portion of our mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgage loans and mortgage-related securities. We do not originate mortgage loans or lend money directly to mortgage borrowers.

We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the single-family and multifamily mortgage markets. We have helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction.

Since 2008, Freddie Mac has been operating in conservatorship, with the Federal Housing Finance Agency (FHFA) as our conservator.

Freddie Mac's Sustainability Strategy

Freddie Mac's mission is to provide liquidity, stability and affordability to the housing market. We interpret that mission expansively to meet the country's broader housing needs by providing affordable, safe, sustainable and equitable access to housing. This includes integrating environmental, social and governance (ESG) strategies into our business and operations, which we accomplish through carefully developed long-term goals and areas of focus designed to support the achievement of those goals.

Our Approach to Sustainability

Our Corporate Sustainability Office, established in 2020, is charged with leading the development, integration and management of our sustainability strategy in alignment with our overarching corporate strategy and mission. The Corporate Sustainability Office reports to the Chief Financial Officer.



Sustainability vision: A sustainable Freddie Mac – working together to address a changing world while supporting an equitable, sustainable U.S. housing finance system.

Long-term goals:

- Environmental: Protect the Future of Housing
- Social: Promote Inclusive Communities
- Governance: Uphold Responsible Operations

Focus areas:

- Climate Impact
- Sustainable Housing
- Diversity, Equity and Inclusion (DEI) and Human Capital
- Sustainable Operations

We have established a Single-Family ESG Bond Executive Committee to oversee implementation of our Sustainability priorities in the Single-Family Green and Social MBS programs. This Committee meets regularly to evaluate the impact and opportunities provided by our Single-Family Green and Social MBS. This Committee includes representatives from the Corporate Sustainability Office, the Investments & Capital Markets Division, Single-Family Acquisitions Division, Single-Family Portfolio & Servicing Division, Legal Division, Enterprise Risk Management Division and Information Technology Division, and is charged with developing and evaluating the Single-Family Green and Social MBS programs' strategy and performance. Additionally, the Mission and Housing Sustainability Committee of the Board was created in 2Q 2022 to oversee the developing, planning, implementation, performance and execution of Freddie Mac's strategies and significant initiatives related to delivering on its commitment to promote affordability, equity and sustainability in housing.

Freddie Mac Single-Family Business

One of the primary ways the Single-Family business at Freddie Mac provides liquidity to the mortgage market is by purchasing single-family mortgages from lenders, packaging the mortgages into single-family MBS, selling the MBS into the capital markets and guaranteeing the payments of principal and interest to the holder(s) of the MBS.¹ The majority of mortgage loans we purchase are securitized in MBS. As of March 30, 2024, Freddie Mac had a single-family mortgage portfolio of over \$3 trillion.²

Single-Family Green MBS

In April 2021, Single-Family issued its first Green MBS. Our initial Single-Family Green MBS issuances were backed by GreenCHOICE mortgages where the refinance proceeds, or a portion thereof, were used to pay back existing debt used to purchase and install a renewable energy source, such as solar panels. With the publication of our initial Green Bond Framework in January 2022, the Green MBS program expanded its eligibility criteria to include new construction with a renewable energy source or a qualifying energy efficiency rating.

¹ Principal and interest payments on the MBS are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.

² https://www.freddiemac.com/investors/financials/pdf/supplement_1q24.pdf



Freddie Mac's Single-Family Green MBS issuance is a natural extension of our role in providing standards and scale to the nation's housing markets. By devoting resources specifically to encourage energy efficient construction and home improvements, we believe we can help expand availability and market demand. Freddie Mac has a team of experts across the Single-Family and Capital Markets disciplines supporting this Framework.

II. Program Objective and Framework Overview

Promoting housing affordability and homeownership sustainability is fundamental to Freddie Mac's mission and reducing the environmental impact of housing further aligns with our mission focus. We remain committed to financing energy-efficient home construction and improvements. Increasing energy-efficiency lowers monthly costs to homeowners while reducing greenhouse gas emissions.

This Framework addresses the four core components of ICMA's [Green Bond Principles](#):

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

III. Use of Proceeds

Freddie Mac's Single-Family Green MBS program finances the purchase of mortgages that align with ICMA's Green Project categories including renewable energy and energy efficiency that contribute to climate change mitigation and adaptation. Specifically, Freddie Mac securitizes mortgage loans backed by properties meeting the eligibility criteria described below. See "Management of Proceeds" for more information. Eligible mortgages for the Single-Family Green MBS program include:

Homes with Renewable Energy

- Freddie Mac [GreenCHOICE Mortgages](#) where borrowers used refinance proceeds, or a portion thereof, to pay off existing debt that was used to finance the purchase and installation of a renewable energy source, such as solar panels
- Mortgages backed by newly constructed homes with a renewable energy source

Benefits of renewable energy include³:

- Generating energy that produces no greenhouse gas emissions from fossil fuels and reduces some types of air pollution
- Diversifying energy supply
- Creating economic development and jobs in manufacturing, installation, and more

Homes with an Energy Efficiency Rating and/or Energy Certification

- Mortgages backed by newly constructed homes with a Home Energy Rating System (HERS) Index Score of 55 or less
- Mortgages backed by newly constructed homes with an ENERGY STAR Single-Family New Homes National version 3.2 or higher certification, as identifiable through the [Residential Energy Services Network \(RESNET\) database](#). This qualification includes certifications which have a

³ <https://www.epa.gov/statelocalenergy/local-renewable-energy-benefits-and-resources>



mandatory requirement of ENERGY STAR v3.2, such as the Department of Energy's Zero Energy Ready Home v2.

The HERS Index was created and is maintained by [RESNET, establishing an industry standard for measuring](#) a home's energy efficiency. As of 2024, over four million homes in the United States have been issued a HERS Index Score.⁴

[ENERGY STAR](#) certified new homes offer better energy efficiency and performance, achieving at least 10% more energy efficiency than homes built to code. Since 2007 RESNET has been recognized by the U.S. Environmental Protection Agency (EPA) as an ENERGY STAR Verification Oversight Organization (VOO). In 2020, EPA finalized a comprehensive update to its oversight recognition structure and changed its terminology from VOO to Home Certification Organization (HCO). EPA has recognized RESNET as the first ENERGY STAR HCO.⁵

IV. Process for Project Evaluation and Selection

Freddie Mac sellers who deliver mortgages to Freddie Mac must make certain representations and warranties that the mortgages are being sold in accordance with the requirements set forth in the Freddie Mac Single-Family Seller/Servicer Guide (Guide), including underwriting requirements and data delivery requirements.

Mortgages are eligible for securitization into a Freddie Mac Single-Family Green MBS if they meet one or more of the following eligibility criteria:

Homes with Renewable Energy

- Freddie Mac [GreenCHOICE Mortgages](#) where borrowers used refinance proceeds, or a portion thereof, to pay off existing debt that was used to finance the purchase and installation of a renewable energy source, such as solar panels. Sellers must represent to Freddie Mac that the refinance proceeds were used to pay off debt used to finance renewable energy improvements. Prior to MBS issuance, Freddie Mac will confirm the presence of a renewable energy source installed on the properties securing each of the mortgages included in a Single-Family Green MBS.
- Mortgages backed by newly constructed homes with a renewable energy source. Prior to MBS issuance, Freddie Mac will confirm the presence of a renewable energy source installed on the properties securing each of the mortgages included in a Single-Family Green MBS.

Homes with an Energy Efficiency Rating and/or Energy Certification

- Mortgages backed by newly constructed homes with a HERS Index Score of 55 or less. Prior to MBS issuance, Freddie Mac will confirm the required score on the properties securing each of the mortgages included in a Single-Family Green MBS using the RESNET database.
- Mortgages backed by newly constructed homes with an ENERGY STAR Single-Family New Homes National version 3.2 or a higher version certification. Prior to MBS issuance, Freddie Mac will confirm the required certification on the properties securing each of the mortgages included in a Single-Family Green MBS using the RESNET database.

⁴ <https://www.resnet.us/about/us/4-million-hers-homes-and-counting/>

⁵ <https://www.resnet.us/about/us/resnet-is-an-energy-star-home-certification-organization/>



In the event Freddie Mac and Fannie Mae Single-Family Green MBS are commingled in a resecuritization of such MBS, eligible mortgages would also include mortgages that meet the eligibility criteria under Fannie Mae's Single-Family Green Bond Framework. See "Management of Proceeds" below.

Freddie Mac Single-Family Risk Management and Governance Practices

We manage climate risk at a corporate level and no special consideration is given to climate risk for the loans pooled in Green MBS. In 2023, our cross-divisional Climate Risk Steering Committee met regularly to discuss climate risk-related topics and identify climate risks and issues for escalation to senior management and the Board Risk Committee. The Board of Directors and its committees continued its oversight of climate risks. The company also continued to build our climate risk management framework, address data gaps, advance research initiatives, and develop methodologies to quantify our exposure to physical and transition climate risks.

FHFA has instructed us to designate climate change as a priority concern and actively consider its effects in our decision making; this was reflected in the requirements of our 2023 Conservatorship Scorecard and remains the case in 2024.

Freddie Mac employs multiple strategies to maintain loan quality:

- Our eligibility requirements are set forth in our underwriting standards, which are published in our Guide and incorporated in Freddie Mac Loan Advisor®. These underwriting standards establish the requirements our sellers apply when originating loans in compliance with representations and warranties to us;
- Loan quality control practices, including post-closing credit review and the remedy management repurchase process, help to validate that the loan origination process is acceptable to us; and
- Seller/servicer management, including review of their in-house quality control as well as our loan performance monitoring, helps to maintain quality control for loans sold and/or serviced by third parties.

More information on Freddie Mac's climate risk management, underwriting standards, quality control practices and management of seller/servicers can be found in our [2023 10-K](#). All loans included in the Green MBS satisfy the criteria set forth in the [Guide](#), including the section on [Responsible Lending](#).

Freddie Mac's sustainability strategic framework includes enhanced sustainability governance through multiple Board and Management Committees, including our Mission and Housing Sustainability Committee, which reviews fair lending implications of certain key mission and housing sustainability initiatives and initiatives designed to promote the adaptation of housing to be more resilient in the face of climate change or improvements to mitigate housing's climate impacts. For more information on our sustainability governance structure, please see our [2023 Sustainability Report](#).

V. Management of Proceeds

Mortgage lenders originate eligible loans and deliver those loans to Freddie Mac. Freddie Mac securitizes those loans into 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.

Our Single-Family Green MBS only contain mortgages that (1) satisfy the criteria set forth in the Guide and (2) meet the 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 towards the acquisition of a loan that meets our Single-Family Green MBS criteria at the time of security issuance.

We may create new Single-Family Green MBS by resecuritizing previously-issued Single-Family Green MBS or by commingling Single-Family Green MBS with Fannie Mae Single-Family Green MBS. In cases of commingled resecuritizations, we rely on Fannie Mae's determination of mortgage eligibility under its Single-Family Green Bond Framework and the designation of its MBS as Single-Family Green MBS.

VI. Reporting

Single-Family MBS Reporting

Freddie Mac discloses security (i.e., pool-level), loan-level and other product data on the [Mortgage Securities website](#). Third-party data providers obtain the disclosures from Freddie Mac's website and distribute it to their customers.

As part of this MBS Reporting, Freddie Mac discloses pool-level attributes that describe certain environmentally friendly features of the collateral backing our Green MBS. These attributes include a Green indicator that identifies Green MBS that are issued under our Framework, as well as stratifications that identify the share of loans backing each Green MBS secured by properties with Green Building Certifications, Energy Rating Indices and Renewable Energy sources.

Impact Reporting

Freddie Mac publishes an annual report summarizing the beneficial environmental impact of homes backing our Single-Family Green MBS issuance for the preceding year. Our impact reporting contains quantitative measures and aggregate program results including the value of Green MBS issued in the preceding year and the number of loans backing such Green MBS. The report also contains information regarding estimated energy savings, estimated greenhouse gas emission reductions and estimated utility cost savings for borrowers related to Green MBS issued in the prior year. This data is available for the program as a whole, and for each individual security we issued in the prior year.

For purposes of impact reporting, we exclude Green MBS created by resecuritizing previously-issued Single-Family Green MBS and/or Fannie Mae Single-Family Green MBS because the relevant impact would have already been reported for the original securitizations. This avoids any double-counting of impact.

Second Opinion

Freddie Mac engaged an independent second party, S&P Global, Shades of Green, to evaluate our Single-Family Green MBS Framework. This opinion is published on our [Single-Family Green Bonds website](#).

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This is not an offer to buy or sell any Freddie Mac securities. Offers for any given security are made only through applicable offering circulars and related supplements, which incorporate Freddie Mac's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC); all other reports Freddie Mac files with the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 (Exchange Act), excluding any information "furnished" to the SEC on Form 8-K; and all documents that



Freddie Mac files with the SEC pursuant to Sections 13(a), 13(c) or 14 of the Exchange Act, excluding any information “furnished” to the SEC on Form 8-K.

The financial and other information contained in this Framework and in the documents that may be accessed through this Framework is provided for your general information only and speaks only as of the date of those documents. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained in those documents. The information could be out of date and no longer accurate. Freddie Mac undertakes no obligation, and disclaims any duty, to update any of the information in those documents. No liability whatsoever is or will be accepted by Freddie Mac for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in those documents.

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These materials may contain forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond the company’s control. Management’s expectations for the company’s future necessarily involve a number of assumptions, judgments and estimates, and various factors could cause actual results to differ materially from the expectations expressed in these and other forward-looking statements. These assumptions, judgments, estimates and factors are discussed in the company’s most recent Annual Report on Form 10-K, and its reports on Form 10-Q and Form 8-K, which are available on the Investor Relations page of the company’s Web site at <http://www.freddiemac.com/investors> and the SEC’s website at www.sec.gov. The company undertakes no obligation to update forward-looking statements it makes to reflect events or circumstances occurring after the date of this Framework.