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# Multifamily Selling and Servicing Guide

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## 403.02 Implementing Efficiency Measures

### 403.02A Generally

#### Requirements

After the Borrower selects the Efficiency Measures, you must:

- Include the selected Efficiency Measures in the Completion/Repair Agreement or the Rehabilitation Reserve Agreement.
- Describe each Efficiency Measure in enough detail to ensure that any specific products or equipment are installed, including quantities and applicable performance specifications.
- Ensure funds to complete the selected Efficiency Measures are deposited into the Completion/Repair Escrow or the Rehabilitation Reserve Account, in an amount equal to 125% of the estimated cost of all capital improvements identified by the HPB Module, HPB Report, or Technical Solar Report for the selected Efficiency Measures.
- Ensure all Efficiency Measures are completed in a timely manner and no later than
  - 12 months after the Mortgage Loan Origination Date, or
  - any shorter time period required by [Part II, Chapter 4: Inspections and Reserves, Section 402: Property Condition Assessment \(PCA\)](#) for capital improvements identified as Immediate Repairs by the PCA.
  - Ensure the funds in the Completion/Repair Escrow for any Solar PV System are released only after confirming commercial operation.

### 403.02B Solar PV System

#### Requirements

For a Green Rewards Mortgage Loan, if the Borrower elects to install a Solar PV System as an Efficiency Measure, you must ensure:

- All Solar PV System equipment, including energy storage, will be Borrower-owned and located on the Property.
- The Property will remain connected to the utility grid.
- The Borrower enters into an Operations and Maintenance Plan covering the Mortgage Loan term.
- The Solar PV System has a minimum manufacturer performance warranty of 25-years for the solar panels, and a minimum 10-year product warranty



for:

- solar panels;
  - inverters;
  - racking systems; and
  - batteries for energy storage.
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- Roof age and condition support Solar PV System design and installation, and any roof replacement specified in the Technical Solar Report is included as an Efficiency Measure.
  - A performance guaranty that covers the full term of the Mortgage Loan is required for systems over 500kW;
  - Battery storage is for on-site use only and does not commit the Property to an arrangement with any utility, third-party, or off-site use.
  - Outside counsel with Solar PV System experience and state-specific knowledge reviews all applicable local laws and any contracts or agreements related to the Solar PV System installation and operation.
  - The Solar PV System installer has a team member or subcontractor who is NABCEP certified.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

## C

**Completion/Repair Agreement** Document evidencing the Borrower's agreement to undertake Completion/Repairs and other identified capital improvements, the terms for funding the repairs, maintenance, or capital items, and the disbursement of funds from the Completion/Repair Escrow (e.g., Form 4505, or the applicable parts of the Multifamily Loan Agreement ([Form 6001 series](#)), including the Required Repair Schedule to the Multifamily Loan Agreement).

**Synonyms**

- Completion/Repair Agreements

**Completion/Repair Escrow** Custodial Account established by the Lender and initially funded by an escrow deposit from the Borrower on the Mortgage Loan Origination Date to complete Completion/Repairs or other capital improvements at the Property.

## E

**Efficiency Measures** Energy- and water-efficiency measures that the Borrower agrees to implement, and which project a reduction in the Property's annual energy or water consumption.

**Synonyms**

- Efficiency Measure

## G



Green Rewards  
Mortgage Loan

Mortgage Loan secured by a Property where the Borrower agrees to undertake 1 or more Energy- and Water-Efficiency Measures that comply with Part III, Chapter 4: Green Mortgage Loans, Section 403: Green Rewards Mortgage Loans.

**Synonyms**

- Green Rewards Mortgage Loans
- Green Rewards

## H

HPB

High Performance Building

## M

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by the Loan Documents or a mortgage debt obligation with a Fannie Mae credit enhancement.

**Synonyms**

- Mortgage Loans
- Mortgage Loan's

Mortgage Loan  
Origination Date

Date you fund a Mortgage Loan to the Borrower.

**Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## O

Operations and  
Maintenance Plan

Written plan, document, or agreement containing ongoing operating, maintenance, or monitoring actions for the Property or its Improvements.

**Synonyms**

- O&M
- O&M Plan
- O&M Plans



## P

**Property** Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's

**Property Condition Assessment** Assessment of the current physical condition and historical operation of the Property.

### **Synonyms**

- PCA
- PNA
- Physical Needs Assessment
- PCAs

## R

**Rehabilitation Reserve Account** Custodial Account established by the Lender and funded by deposits from the Borrower per the Rehabilitation Reserve Agreement to fund the Rehabilitation Work.

**Rehabilitation Reserve Agreement** Borrower's agreement to undertake identified Rehabilitation Work, the terms for funding the Rehabilitation Work, and the disbursement of funds from the Rehabilitation Reserve Account (e.g., [Form 6222.Mod](#), [Form 6222.Sub](#), or [Form 4523](#)).