



Multifamily Selling and Servicing Guide

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Chapter 4 Green Mortgage Loans

Section 401 Generally

401.01 Description

Requirements

A Green Mortgage Loan is secured by a Property that incorporates features expected to have a positive environmental outcome including, but not limited to, reducing energy and water consumption at a property, generating energy, or meeting criteria set by a third-party green building certification organization.

A Green Rewards Mortgage Loan is secured by a Property on which the Borrower agrees to undertake 1 or more Energy- and Water-Efficiency Measures (Efficiency Measures or EWEM) that comply with [Part III, Chapter 4: Green Mortgage Loans, Section 403: Green Rewards Mortgage Loans](#).

401.02 High Performance Building Module

Requirements

For Green Rewards Mortgage Loans you must:

- retain a consultant to provide either:
 - a High Performance Building (HPB) module (HPB Module), including Appendix H: HPB Module Report Tables ([Form 4099.H](#)), as part of a required PCA; or
 - a standalone HPB report (HPB Report), including [Form 4099.H](#); and
- complete the HPB Module or HPB Report and [Form 4099.H](#) per the requirements of [Form 4099](#).

Guidance

Fannie Mae will reimburse you for the cost of the HPB Module or HPB Report when you deliver a Green Mortgage Loan.

Notwithstanding the general prohibition in [Part IV A, Chapter 2: Pricing, Origination Fees, and Prepayment Premium Incentives, Section 202.01: Origination Fee](#) regarding a Lender paying third-party costs, you may use the Origination Fee to reimburse the Borrower for



- the cost of a standalone HPB Report, or
- the incremental cost of the HPB Module over the cost of the base PCA.

Operating Procedures

To submit the invoice for the HPB Module or HPB Report for reimbursement, use the [Green Mortgage Loan Job Aid](#).

401.03 Green MBS

Requirements

You must disclose as a Green MBS any Green Mortgage Loan that you deliver as an MBS Mortgage Loan.

401.04 Committing and Delivery

Operating Procedures

To commit and deliver a Green Mortgage Loan, you must follow the [Green Mortgage Loan Job Aid](#).

Section 402 Green Building Certification

Requirements

To qualify as a Green Mortgage Loan, you must:

- ensure that the Property has a Green Building Certification that:
 - is recognized by Fannie Mae and listed in the Green Building Certifications ([Form 4250](#));
 - applies specifically to the Property and not just to a development site that includes the Property;
 - covers all residential units of the Property;
 - was awarded no more than 5 years before Rate Lock; and
 - is in effect at the time of Rate Lock; and
- review and approve a Green Building Certification prior to
 - Rate Lock, if you are not using the Streamlined Rate Lock option, or
 - the Mortgage Loan Origination Date, if you are using the Streamlined Rate Lock option.



Section 403 Green Rewards Mortgage Loans

403.01 Eligibility

403.01A Generally

Requirements

For a Green Rewards Mortgage Loan Property to be eligible, you must ensure that the Borrower selects Efficiency Measures from the HPB Module or HPB Report projected to result in an annual reduction for the whole Property of at least 30% in combined energy and/or water consumption of which at least 15% must be attributable to savings in energy consumption.

Energy consumption savings may represent reductions in whole-Property consumption of energy supplied by utilities or energy suppliers (including delivered energy such as fuel oil or propane) compared to the previous 12-month baseline through a combination of the installation of an onsite renewable energy system and energy efficiency measures.

For Manufactured Housing Community, a Green Rewards Mortgage Loan must project a reduction in whole-Property consumption of energy supplied by utilities or energy suppliers (including delivered energy such as fuel oil or propane) of at least 30% compared to the previous 12-month baseline through the installation of an onsite renewable energy system.

403.01B HPB Module/HPB Report Scoring

Requirements

You must score each HPB Module or HPB Report per the following 3-point system:

Score	Quality of HPB Module/HBP Report
1	Either you or Fannie Mae may approve the HPB Module or HPB Report as is.
2	The consultant must address minor issues or clarify the HPB Module or HPB Report before you or Fannie Mae approve it.
3	The consultant must make major changes or multiple revisions before you or Fannie Mae approve it.

The final HPB Module or HPB Report must be scored as a "1" before you approve the report or submit it to Fannie Mae for approval, if required.



403.01C HPB Module/HPB Report Approval

Requirements

You must submit an HPB Report or HPB Module to Fannie Mae for approval if:

- you have delivered less than 8 Mortgage Loans that included an HPB Report (or a PCA Report containing an HPB Module); or
- your HPB consultant has not been designated as “Pre-Qualified” by Fannie Mae at www.fanniemae.com/multifamily/green-initiative.

Operating Procedures

If Fannie Mae’s approval of an HPB Module or HPB Report is required, then you must:

- Submit the HPB Module or HPB Report and the completed [Form 4099.H](#) through DUS Gateway following the instructions in the [Green Mortgage Loan Job Aid](#).
- Follow this submission timing:
 - at least 10 days before the Mortgage Loan Origination Date, if using the Streamlined Rate Lock option; or
 - at least 5 days before Rate Lock, if not using the Streamlined Rate Lock option.

403.01D Non-Contiguous Parcels

Requirements

For a Mortgage Loan secured by Non-Contiguous Parcels, a separate HPB Module or HPB Report is required for each Collateral Record in C&D.

403.02 Implementing Energy- and Water-Efficiency Measures

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 that funds to complete the selected Efficiency Measures are deposited into the Completion/Repair Escrow or the Rehabilitation Reserve Account, in an amount equal to the greater of:
 - 100% of the estimated cost of all capital improvements identified by the HPB Module or HPB Report for the selected Efficiency Measures (plus any amount that you decide to include for cost overruns); or
 - any higher funding percentage you may required for capital improvements identified as Immediate Repairs by the PCA.
- Ensure that 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.

403.03 Underwritten NCF

Requirements

You must ensure that the Underwritten NCF for a Green Rewards Mortgage Loan is calculated per [Part II, Chapter 2: Valuation and Income](#) or the applicable Part III Chapter.

Guidance

You may include projected energy and water cost savings from implementing selected Efficiency Measures when calculating Underwritten NCF, up to:

- 75% of any cost savings projected to accrue to the Borrower; plus
- 25% of any cost savings projected to accrue to the tenants, but only if the projections are based on whole-Property or sampled (not modeled) consumption as defined by [Form 4099](#).

403.04 Maximum Amount

Requirements

The maximum amount of a Green Rewards Mortgage Loan that includes projected cost savings in the Underwritten NCF must not exceed 105% of the Mortgage Loan amount based on the Underwritten NCF excluding the projected cost savings.



403.05 Supplemental Mortgage Loans

Requirements

You must base the maximum Green Rewards Supplemental Mortgage Loan amount on the aggregate UPB of all Pre-Existing Mortgage Loans secured by the Property, plus the amount of the Green Rewards Supplemental Mortgage Loan.

Guidance

Certain Green Rewards Supplemental Mortgage Loans may not count toward the limit on the number of Supplemental Mortgage Loans (see [Part III, Chapter 14: Supplemental Mortgage Loans, Section 1402: Supplemental Mortgage Loans](#)).

Section 404 Annual Energy Reporting

Requirements

For any Green Mortgage Loan, you must use the Modifications to Multifamily Loan and Security Agreement (Green Financing Mortgage Loans) ([Form 6241](#)), requiring the Borrower to report the Property's annual energy and water use.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

C

Collateral Property, Personal Property, or other property securing a Mortgage Loan.

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.

D

DUS Gateway Multifamily pre-acquisition system including deal registration, Pre-Review and/or waiver tracking, decision records, or any successor systems.

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 Building Certification

Designation awarded by a third-party organization to multifamily properties constructed or maintained to meet specified energy and water efficiency standards or other sustainability criteria.

Green Mortgage Loan

Mortgage Loan secured by a Property that incorporates features expected to have a positive environmental outcome including, but not limited to, reducing energy and water consumption at a Property, generating energy, or meeting criteria set by a third-party green building certification organization.

Synonyms

- Green Mortgage Loans

Green Rewards Mortgage Loan

Mortgage Loan secured by a Property on which the Borrower agrees to undertake 1 or more Energy- and Water-Efficiency Measures (Efficiency Measures or EWEM) 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



L

Lender Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

M

Manufactured Housing Community Residential real estate development with lots on which manufactured homes are located, together with amenities, utility services, landscaping, roads, and other infrastructure.

Synonyms

- Manufactured Housing Property
- MH Community
- MH Communities
- MHC

MBS Mortgage-Backed Security

MBS Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan.

Synonyms

- MBS Mortgage Loans

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
Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

N

Non-Contiguous
Parcels

Multiple parcels of land securing a Mortgage Loan that do not share common boundaries or that are separated by dedicated or private streets that are major arterials.

Synonyms

- Non-Contiguous Parcel

O

Origination Fee

Fee charged by the Lender to the Borrower for underwriting and originating the Mortgage Loan, per [Part IV A, Chapter 2: Pricing, Origination Fees, and Prepayment Premium Incentives, Section 202: Required Fees and Lender Compensation](#).

Synonyms

- Origination Fees

P

PCA Report

Property Condition Assessment Report documenting the findings of a PCA.

Prepayment Premium

When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.

Synonyms

- Prepayment Premiums



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

Rate Lock Agreement between the Lender and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

Synonyms

- Rate Locks

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](#)).



S

Security

MBS, PFP MBS, or REMIC.

Supplemental Mortgage Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

Synonyms

- Supplemental Mortgage Loans

U

UPB

Unpaid Principal Balance