



Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

| | |
|--|---|
| Part III Section 403.02 Implementing Energy- and Water-Efficiency Measures | 3 |
| GLOSSARY | 4 |



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.



Glossary

B

Borrower Person who is the obligor under 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

H



HPB High Performance Building

M

Mortgage Loan Origination Date Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

P

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](#)).