Fannie Mae®

Multifamily Selling and Servicing Guide

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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.

For any Green Rewards Mortgage Loan where the Borrower elects to install a Solar PV System as an Efficiency Measure, the Underwritten NCF must include all new or increased operating expenses associated with the Solar PV System, such as:

- Operations and Maintenance Plan fees;
- real estate taxes;
- property and liability insurance;
- utility fees; and
- replacement reserves.

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.

Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

E

Efficiency Measures	Energy- and water-efficiency measures that the Borrower agrees to implement per the Multifamily Loan Agreement to qualify as a Green Rewards Mortgage Loan, 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

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

N

Net Cash Flow	At underwriting or for any specified period, the amount calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • NCF

O

Operations and Maintenance Plan	Required plan for remediating a Recognized Environmental Condition or Business Environmental Risk as described in Environmental Due Diligence Requirements (Form 4251). **Synonyms** • O&M • O&M Plan • O&M Plans

P



Property	Multifamily residential real estate securing the Mortgage Loan, including the • fee simple or Leasehold interest, • Improvements, and • personal property (per the Uniform Commercial Code). **Synonyms** • Properties • Property's

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Solar Photovoltaic System	A renewable energy system located on the Property that converts sunlight into electricity and/or a battery storage system containing lithium ion batteries or equivalent technology capable of storing electricity received from the electric grid or a renewable energy system and delivering stored electricity to the Property. **Synonyms** • Solar PV System

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