Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 2026

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111.01B Lease Approval

☑ Requirements

Material Commercial Lease Type	
Lease with Property Assessed Clean Energy (PACE) Financing	You must not approve any Material Commercial Lease that includes PACE financing.
Renewable Energy Generation Lease	You must only approve leases for renewable energy systems that comply with Part II, Chapter 1: Attributes and Characteristics, Section 112: Renewable Energy Generation Systems.
Other Material Commercial Leases	You must only approve other Material Commercial Leases that comply with Part II, Chapter 1: Attributes and Characteristics, Section 111: Commercial Leases.

Glossary

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

L

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases

M

Material Commercial Lease	Lease, sublease, license, concession, grant, or other possessory interest • for commercial purposes comprising 5% or more of the Property's annual EGI, or • relating to: - solar power, thermal power generation, or co-power generation, or the installation of solar panels or any other electrical power generation equipment, and any related power purchase agreement; or - any Property dwelling units leased to ▪ a Borrower Affiliate, ▪ any Key Principal, or ▪ any Principal. **Synonyms** • Material Commercial Leases

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