



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of November 12, 2021

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# Summary of Changes

| HIGHLIGHTS   |
|--|
| <b>Effective for Mortgage Loans Committed on or after November 12, 2021</b> , the Green Mortgage Loan requirements were updated. |

## Primary Changes

- Updated the Guide to:
  - delete the redundant Green Building Certificate requirements already contained in the Green Building Certifications (Form 4250); and
  - require all Green Mortgage Loan Borrowers to enroll with Fannie's Mae's Green Measurement and Verification Consultant within 60 days after the Mortgage Loan Origination Date.
- Updated the following Loan Documents to align with the Guide changes:
  - Modifications to Multifamily Loan and Security Agreement (Green Rewards Mortgage Loan) (Form 6241);
  - Modifications to Multifamily Loan and Security Agreement (Green Rewards/Solar Mortgage Loan) (Form 6264); and
  - Modifications to Multifamily Loan and Security Agreement (Green Building Certification) (Form 6267).

## Questions

Please contact [green\\_financing@fanniemae.com](mailto:green_financing@fanniemae.com) with any questions.



## 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 a [Green Rewards Mortgage Loan](#), 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

Notwithstanding the prohibition in the [Pricing Memo](#) 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.

If you use the [Origination Fee](#) to pay the [Borrower's](#) costs for the [HPB Report](#) or [HPB Module](#), Fannie Mae will reimburse you when you deliver the [Green Mortgage Loan](#).

### [Operating Procedures](#)

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

## 401.03 Technical Solar Report

### [Requirements](#)

For a [Green Rewards Mortgage Loan](#) where the [Borrower](#) wants to install a [Solar Photovoltaic System](#) (Solar PV System) as an [Efficiency Measure](#), you must retain a Solar Technical Consultant that is certified by the North American Board of Certified Energy Practitioners (NABCEP) to complete a Technical Solar Report, including Appendix I: Analysis Tool for a Technical Solar Assessment ([Form 4099.I](#)), per the Instructions for Performing a Multifamily Property Condition Assessment ([Form 4099](#)).

### [Guidance](#)

If you use the [Origination Fee](#) to pay the [Borrower's](#) costs for the [Technical Solar Report](#), Fannie Mae will reimburse you when you deliver the [Green Mortgage Loan](#) if a [Solar PV System](#) is selected as an [Efficiency Measure](#).

### [Operating Procedure](#)

You must ensure:

1. The [HPB Consultant](#) completes the [HPB Module](#).
2. The [Solar Technical Consultant](#) completes a [Technical Solar Report](#), including [Form 4099.I](#), that
  - identifies and quantifies the renewable energy generation potential at the [Property](#), and
  - details the system design specifications of any recommended [Solar PV System](#).
3. If the [Technical Solar Report](#) confirms the [Property](#) is suitable for a



Solar PV System, and the Borrower elects to install a Solar PV System at the Property as an Efficiency Measure, the HPB Consultant incorporates the Solar PV System design specifications, and any required roof replacement or additional structural support, from the Technical Solar Assessment (Form 4099.I) into Form 4099.H.

4. For reimbursement, you submit the Technical Solar Report invoice per the Green Mortgage Loan Job Aid.

#### 401.04 Green MBS

##### Requirements

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

#### 401.05 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~~
- ensure the Property has a Green Building Certification that complies



with with Green Building Certifications (Form 4250); 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:

- the Property has at least 12 months of Stabilized Residential Occupancy;
- 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; and
- for a Manufactured Housing Community,
  - the 15% energy consumption savings is achieved only through the installation of a Solar PV System or other renewable energy system,
  - all Efficiency Measures, including the Solar PV System, are made only to Borrower-owned property,
  - electricity is metered at the whole Property level (master-metered) by the utility to the Property owner (even if reimbursed by the tenants), and
  - the energy or water consumption reduction is based only on utilities that are metered at the whole Property level (master-metered).

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.

#### 403.01B HPB Module, HPB Report, and Technical Solar Report Scoring

##### Requirements

You must score each [HPB Module](#), [HPB Report](#), and [Technical Solar Report](#) per the following 3-point system:

| Score | Quality of HPB Module, HPB Report, and Technical Solar Report   |
|-------|---|
| 1     | Either you or Fannie Mae may approve as is. No further corrections.   |
| 2     | The consultant must address minor issues or clarify content before you or Fannie Mae approve it. Minor corrections.   |
| 3     | The consultant must make major changes or multiple revisions before you or Fannie Mae approve it. Substantial issues. |

The final [HPB Module](#), [HPB Report](#), and [Technical Solar 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, and Technical Solar 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.fanniemaegreenfinancing.com](http://www.fanniemaegreenfinancing.com).

Before [Rate Lock](#), you must submit any [Technical Solar Report](#) to Fannie Mae for approval.





## Operating Procedures

If Fannie Mae's approval of an [HPB Module](#), [HPB Report](#), or [Technical Solar Report](#) is required, you must:

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

### **403.01D** Non-Contiguous Parcels

#### Requirements

For a [Mortgage Loan](#) secured by [Non-Contiguous Parcels](#), a separate [HPB Module](#), [HPB Report](#), or [Technical Solar Report](#) is required for each [Collateral Record](#) in [C&D](#).

### **403.02** Implementing Efficiency Measures

#### **403.02A** Generally

#### Requirements

After the [Borrower](#) selects the [Efficiency Measures](#), you must:

- Include the selected [Efficiency Measures](#) on the Addendum to [Schedule 6](#) to the applicable
  - [Modifications to Multifamily Loan and Security Agreement \(Green Mortgage Loan\)](#) ([Form 6241](#)), or
  - [Modifications to Multifamily Loan and Security Agreement \(Green/Solar Mortgage Loan\)](#) ([Form 6264](#)).
- Add the Addendum to [Schedule 6](#) to the applicable



Completion/Repair Agreement or the Rehabilitation Work Schedule to 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.
- Require all Efficiency Measures be 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.

#### 403.02B 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.



- 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.

### 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.

#### 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

You must use the following forms requiring the Borrower to report the Property's annual energy and water use:

- for a Green Rewards Mortgage Loan where the Borrower elects to install a Solar PV System, Modifications to Multifamily Loan and Security Agreement (Green/Solar Mortgage Loan) (Form 6264);
- for any other Green Rewards Mortgage Loan, Modifications to Multifamily Loan and Security Agreement (Green Mortgage Loan) (Form 6241); or
- for any Green Mortgage Loan Property with a Green Building Certification, Modifications to Multifamily Loan and Security



Agreement (Green Building Certification) (Form 6267).

For all Green Mortgage Loans, you must ensure the Borrower has enrolled with Fannie Mae's Green Measurement and Verification Consultant within 60 days after the Mortgage Loan Origination Date.