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# Multifamily Selling and Servicing Guide

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## 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 Schedule; or
  - 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: Lease Audits, Inspections, and Reserves, Section 404: 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.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## C

**Completion/Repair Escrow** Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.

**Completion/Repair Schedule** The Required Repair Schedule to the Multifamily Loan Agreement ([Form 6001 series](#)) and the applicable parts of the Multifamily Loan Agreement, or other Fannie Mae-approved agreement, evidencing:

- the Borrower's agreement to
  - fund the Completion/Repair Escrow, and
  - perform Completion/Repairs; and
- Completion/Repair Escrow disbursement terms.

### Synonyms

- Completion/Repair Schedules

## 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 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 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

## H

### HPB

High Performance Building

## 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



## 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

## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## 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



## Property Condition Assessment

Assessment of the Property's physical condition and historical operation.

### **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 Work

Aggregate repairs, replacements, or improvements (including all Completion/Repairs) required to be performed and completed within a specified time period after the Mortgage Loan Origination Date for a Moderate Rehabilitation Property.

## **S**

## Security

MBS, PFP MBS, or REMIC.

### **Synonyms**

- Securities