

How To: Review a High Performance Building (HPB) Report

This Job Aid provides Lenders with a 5-step process to review the HPB Report required for a Green Rewards Mortgage Loan.

Step 1. Validate HPB Report and Form 4099.H

a. Verify that you have the following:

- Final HPB Report in Word or PDF; and
- Final Form 4099.H in Excel.

b. Understand the Property

Understand the “big picture” at the Property. Read Section 1 and Section 2 of the HPB Report. Learn about the configuration of the Property’s energy and water usage and billing which will impact eligibility, including:

- Whether utilities are master metered, separately metered, sub-metered, or reimbursed (i.e., paid by owner and then reimbursed by tenants);
- Whether hot water is supplied from a common boiler or individual unit heaters; and
- Whether each Energy and Water Efficiency Measure (Efficiency Measures or EWEM) is saving energy, water, or both, and who pays for each utility.

c. Understand the data entered in the Form 4099.H

- Review the **Check Errors** tab to view HPB Consultant responses to any QC Alerts.
- While a QC Alert does not necessarily indicate a problem with the HPB Report, the HPB Consultant response should adequately address any alert (see Page 2 for common issues and what to do if there are errors).

Step 2. Discuss HPB Report and 4099.H with Borrower

- Review the HPB Report with your Borrower and discuss the savings opportunities.
- Identify the EWEMs that the Borrower selects to implement.

Step 3. Select Energy and Water Efficiency Measures in Form 4099.H

In the Form 4099.H Excel File, identify the Borrower’s selected EWEMs:

- Go to: **Lender Validation** tab > **EWEM Selected for Implementation** table > **Selected for Implementation** column;
- Select “Yes” for each EWEM selected by the Borrower.

Step 4. Confirm Green Mortgage Loan Eligibility

Use the Form 4099.H Excel File to confirm Green Mortgage Loan eligibility.

- Go to: **Lender Validation** tab > **EWEM Selected for Implementation** table.
- **For the Selected EWEM**, Source Energy Savings must be 15% or greater, and Source Energy Savings + Water Savings must be 30% or greater.

Step 5. Rate the Report

Use the Form 4099.H Excel File to rate the quality of the HPB report.

- Go to: **Lender Validation** tab > **HPB Report Rating** table > Column E;
- Rate the HPB Report as a “1”, “2”, or “3”, and identify the reviewer and date approved (see rating definitions on following page.)

✦ See the following page for continuation of Step 1 and Step 5

STEP 1 (CONTINUED)

d. For detailed technical and programmatic guidance, reference the Lender and Consultant Update Call Consolidated Guidance document.

e. Check for Common Issues

- ✓ **Are the HPB Report and the Form 4099.H consistent?**
 - Form 4099.H Excel file should match the tables in the HPB Report.
 - Description of EWEMs should be consistent throughout the HPB Report.

- ✓ **Are there unexplained irregularities in the historical energy and water consumption data?**
 - Variation between months and seasons is expected, but single months that show a sudden **spike** or **drop** in usage may indicate a billing error or missing data.
 - Data issues such as missing data, modeled data, or billing errors should be clearly noted.

- ✓ **Were custom occupancy numbers used in the calculations?**
 - Custom occupancy numbers should be adequately explained, and Occupancy Rate should align with information Lender has received from the Borrower.

- ✓ **Are the EWEMS valid?**
 - All EWEMs must be capital improvements to the Property.
 - Operations and maintenance improvements and improvements to leased equipment are not valid EWEMs.
 - If available, ENERGY STAR® and WaterSense certified fixtures, products, or appliances must be specified by the HPB Consultant.
 - Reference the Lender and Consultant Update Call Consolidated Guidance for a list of ineligible measures.

- ✓ **Are the cost savings being correctly attributed to the payer of each utility bill?**
 - Projected energy and water cost savings should accrue to the payer of each utility bill:
 - Centrally supplied Domestic Hot Water (DHW) → all energy savings generally accrue to the owner.
 - Individually supplied DHW → energy savings accrue to the party paying for the energy that heats the water.

- ✓ **Are the energy and water consumption savings correct given the configuration of the Property's systems?**
 - All DHW-saving EWEMs should save **both energy and water**; verify that the type of energy saved (electric, gas, etc.) align with the types of energy used to heat water.
 - The amount of energy savings for DHW-saving improvements should generally be less than half of the water savings. For example, if water savings are 20%, the associated energy savings should be less than 10%.

✓ Are the water usage assumptions reasonable?

- Use the following table to verify that water fixture recommendations are reasonable. The first column shows the maximum water use rate requirement (or “minimum efficiency requirement”) to comply with ENERGY STAR and WaterSense, while the second column shows the lowest water use rate available on the market and deemed acceptable by Fannie Mae.
- Verify that “usage per person per day” estimates fall within recommended ranges specified in the last column.

Ranges for Recommended Water Fixtures	Maximum water use rate acceptable ¹ (WaterSense/ ENERGY STAR® standard)	Minimum water use rate acceptable ²	Usage per person per day
Toilets	1.28 gpf	0.8 gpf	4 - 6 flushes
Bathroom Faucets	1.5 gpm	1.0 gpm	0.5 - 3 minutes
Kitchen Faucets	No WaterSense standard	1.5 gpm	0.5 - 5 minutes
Showerheads	2.0 gpm	1.0 gpm	5 - 15 minutes
Dishwasher	3.5 gallons/cycle	1.64 gallons/cycle	0.1 - 0.3 cycles
In Unit Washing Machine	4.3 gallons/cycle/cubic ft	2.7 gallons/cycle/cubic ft	0.2 - 0.5 cycles
Common Washing Machine	4.3 gallons/cycle/cubic ft	3.5 gallons/cycle/cubic ft	0.2 - 0.3 cycles

Source: Adapted from US EPA Water Conservation Plan Guidelines, WaterSense and ENERGY STAR specifications, and WaterSense and ENERGY STAR product lists.

e. Found an error or need a clarification?

- Work directly with your HPB Consultant to resolve issues or questions.
- Each time the HPB Report and Form 4099.H are resubmitted to the Lender, the HPB Consultant should add the Revision Date under the Initial Submission Date field in the Form 4099.H.
- Contact the Fannie Mae Green Team with any questions at green_financing@fanniemae.com.

STEP 5: RATING DESCRIPTION

Rating	Description
1	No questions
2	Minor issues or clarifications needed
3	Major issues or multiple turns needed