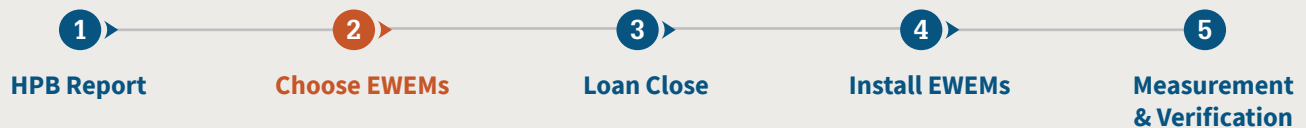


Green Rewards Guidance

Tips For Choosing Energy and Water Efficiency Measures for Multifamily Borrowers

As part of choosing a Green Rewards Mortgage Loan, you get exclusive access to a High Performance Building (HPB) Report with suggestions for energy and water efficiency improvements that are tailored to meet the needs of your property. You've received your HPB Report, now what? Selecting the right energy and water efficiency measures (EWEMs) for a Green Rewards project is key to the success of your project.



Here are some tips to guide the selection process:

Bring the right people to the table

- For a typical mortgage loan, decisions are often made by your financing expert. For a Green Mortgage Loan, decision-makers who focus on utility expenses and property operations should be engaged. This team may include:
 - Key decision-maker (e.g. finance team, asset manager).
 - Knowledgeable property staff familiar with the day-to-day operations, tenants, and equipment.
 - Sustainability professional or building expert. This can be a professional within your organization, your HPB Consultant, a trusted engineer or energy consultant, or contractors you've worked with before.

Review the HPB Report and property details

- Review the existing conditions and assumptions used by the HPB consultant. Does anything in the HPB Report conflict with your knowledge of the property or other property assessments? If so, discuss with your HPB Consultant how this impacts their assumptions about energy and water use.
- Look for opportunities to align recommended measures with projects you were already considering. Ask your HPB Consultant how their recommendations might align with what you had in mind.
- If available, review any prior energy audits or utility benchmarking results to identify major areas of energy and water consumption where upgrades can have big impacts. Ask your HPB Consultant if they considered these past results during their assessment.



Ask the right questions

For each recommended improvement, consider the following:

Is the equipment recommended for replacement owned by the property (i.e. can it be replaced)? Confirm this with property staff. If the equipment is not owned by the property, it cannot be an eligible improvement for Green Rewards.

- Examples of ineligible recommendations: Replacing parking lot or safety lighting owned by the municipality, or replacing leased laundry equipment.

Has this equipment already been installed? If the improvement has been completed pre-loan closing, it cannot be an eligible improvement for Green Rewards.

- Example: New appliances that were installed 6 months ago.

Has this equipment been recently replaced? If equipment has been recently replaced or updated, it is likely fairly efficient and will not have as much impact as other improvements.

- Example: Showerheads that were just upgraded last year.

Will in-unit upgrades affect how certain unit types are currently marketed, or will they impact in-unit renovation plans already underway? If so, weigh the impact against the benefits of the improvement.

- Example: Replacing premium appliances or fixtures marketed as features of deluxe unit types.

Will the recommended technology work with the equipment/systems in place at the property? Confirm this with property staff and your sustainability expert or HPB Consultant.

- Example: ENERGY STAR Smart Thermostats like the Nest or ecobee will work with most HVAC systems, but not all.

Does the project team have experience with the upgrades being recommended, either at different properties or earlier in the property's history? Discuss how prior experiences compare with the recommended upgrade to inform your decision.

Has the project team looked into possible equipment models available? If not, search for some product options to get a sense of product features, costs, and requirements.

Has a contractor confirmed that the recommended measures are feasible? HPB Consultants offer knowledge of a wide range of efficiency measures, but a contractor can provide more details and project experience for installing specific measures that may not be apparent during the HPB Assessment. Request a quote from a contractor (or a few) to discuss the important details of your project.

How will tenants be affected during and after installation? Consider if tenants might be disrupted during installation, and tenants' long-term satisfaction with upgrades. Selecting high-quality equipment that will meet tenants' needs will also ensure energy and water savings are maintained.

- Example: There are lots of low-flow showerheads available, but some are higher quality than others; test out a few models and find one that your tenants will love. If you choose wisely, Green improvements can be an amenity, not just a fixture.

Finally, **use your Lender as a resource.** Fannie Mae Lender partners are well-versed in Green Rewards and can help you and your team make an informed decision about the right EWEM improvements for your property.