

Green Preservation Plus

Fannie Mae Multifamily offers Green Preservation Plus, an execution option that provides additional loan proceeds to finance energy and water efficiency improvements for existing Multifamily Affordable Housing (MAH) properties.



Use of Proceeds	Energy- and water-saving improvement expenditures must equal at least 5% of the original mortgage loan amount. Owners may access the equity in the property in an amount up to the cost of the energy and water saving improvements being financed.
Loan Amount	No minimum or maximum; however, loans over \$50 million require HUD consent.
Term	Minimum of 10 years.
Amortization	Up to 40 years. 30 years for balloon structures. Interest-only periods not permitted.
Interest Rate	Fixed-rate.
Maximum LTV	Up to 85% “as stabilized.”
Minimum DSCR	1.15x “as stabilized.”
Property Considerations	The rent and income restrictions applicable to the property must remain in effect for at least the term of the Mortgage Loan.
Rate Lock	30- to 180-day commitments.
Prepayment Availability	Flexible prepayment options available.

Benefits

- 4-5% more loan proceeds than a typical MAH loan
- Additional proceeds provide funding for renovations that reduce energy and water consumption
- Competitive pricing for MAH transactions
- Certainty and speed of execution
- Securitized as a Green MBS
- One stop customer service - borrowers only need to work with their Fannie Mae Lender who handles all HUD/FHA interactions.

Eligibility

- FHA Risk Share execution
- MAH properties that are 10 years or older and meet MAH income and rent restrictions during the loan term
- Acquisition or refinance

For More Information

For more information contact your Hunt Mortgage Group representative.

<p>Subsidy Layering Review</p>	<p>Some transactions will require a subsidy layering review by HUD (or in some cases, a state tax credit allocating agency), such as:</p> <ul style="list-style-type: none"> ▪ new construction/substantial rehabilitation LIHTC transactions ▪ LIHTC transactions with credits still flowing to the property (less than 10 years old) ▪ a transaction receiving new federal capital resources (e.g., new soft debt from a state or local government funded via HOME funds) ▪ transactions with a project-based Section 8 HAP contract ▪ transactions with an IRP contract <p>The Lender and Fannie Mae will coordinate HUD's review on behalf of the borrower. This review will occur simultaneously with the Lender's underwriting of the mortgage loan.</p>
<p>Asset Management</p>	<p>Property improvements must be made within 12 months. Lenders will verify the completion of the agreed-upon property improvements.</p> <p>To verify reductions in energy and water consumption, borrowers must track total energy and water usage and costs using ENERGY STAR Portfolio Manager (www.energystar.gov) starting in year one. Borrowers must submit the property's ENERGY STAR Statement of Energy Performance report and the Energy Star Score annually.</p>
<p>Recourse</p>	<p>Non-recourse execution with standard carve-outs for "bad acts" such as fraud and bankruptcy.</p>
<p>Escrows</p>	<p>Replacement reserve, tax, and insurance escrows are typically required.</p>
<p>Third-Party Reports</p>	<p>Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment (PCA).</p> <p>The PCA must include the High Performance Building (HPB) Module, or an equivalent scope of work that meets the requirements of the ASHRAE Level 2 audit, with 100% of the cost of the HPB Module being paid by Fannie Mae.</p> <p>The PCA with the HPB Module requirement can be waived for projects of 50 units or fewer where the cost of other renovations can be demonstrated to be at least 5% of UPB.</p>
<p>Assumption</p>	<p>Loans are typically assumable, subject to review and approval of the new borrower's financial capacity and experience.</p>