

MULTIFAMILY PROPERTY FINANCE PRODUCT 2016

FANNIE MAE

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.

MULTIFAMILY | CONVENTIONAL & AFFORDABLE | GREEN RENOVATIONS

ELIGIBILITY

- MAH properties that are 10 years or older and meet MAH income and rent restrictions during the loan term
- Mortgage loans with a minimum term of 10 years.

BENEFITS

- 4-5% more loan proceeds than a typical MAH loan
- Additional proceeds provide funding for renovations that will reduce energy and water consumption
- Competitive pricing and rates for MAH transactions
- Certainty and speed of execution

USE OF PROCEEDS

Energy- and water-saving improvements 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.

LOAN TERM

Not less than 10 years.

INTEREST RATE

Fixed rate only.

AMORTIZATION

Up to 30 years. No interest only periods are permitted.

INTEREST ACCRUAL METHOD

30/360 and Actual/360.

RATE LOCK

Standard rate lock requirements apply.

Bellwether Enterprise Real Estate Capital, LLC

MAXIMUM LTV

5% higher than applicable LTV limitation for the mortgage loan and the underlying property.

MINIMUM DSCR

5 basis points lower than the applicable DSCR requirement for the mortgage loan and the underlying property.

PREPAYMENTS OPTIONS

Yield maintenance only.

RECOURSE REQUIREMENTS

Standard non-recourse carve-outs apply.

AFFORDABILITY REQUIREMENTS

The rent and income restrictions applicable to the property must remain in effect for at least the term of the Mortgage Loan.

EXECUTION OPTIONS

Green MBS.

ESCROWS

Replacement reserve, tax, and insurance escrows are required.

THIRD-PARTY REPORTS

Standard third-party reports including Appraisal, Phase 1 Environmental Assessment and a Property Condition Assessment are required.

The Property Condition Assessment must include the High Performance Building module, or an equivalent scope of work that meets the requirements of the ASHRAE Level 2 audit.

The PCA with the HPB Module requirement can be waived for projects of 50 units or less, where the cost of other renovations can be demonstrated by at least 5% of UPB.

SUBSIDY LAYERING REVIEW

Some transactions will require a subsidy layering review by HUD (or in some cases, a state tax credit allocating agency), such as:

- 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

The Lender and Fannie Mae will handle HUD's review on behalf of the borrower. This review will occur simultaneously with the Lender's underwriting of the mortgage loan.

ASSET MANAGEMENT

Property improvements must be made within 12 months. Lenders will verify the completion of the agreed-upon property improvements.

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.