



Fannie Mae®

Multifamily Selling and Servicing Guide

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109.01 Active Oil and Gas Wells

Requirements

You must ensure that the Property has no evidence of any surface entry related to active mineral, oil, or gas activities.

For Properties with mineral, oil, or gas exploration on an adjacent property, you must:

- Identify whether the mineral, oil, or gas exploration is active or inactive.
- Deliver a Phase I ESA for the Property reporting no Recognized Environmental Conditions.
- Confirm:
 - all mineral, oil, or gas equipment is located more than 600 feet from any Property boundary line;
 - the mineral, oil, or gas exploration on the adjacent property does not impact the health or safety of the Property's tenants or have a material adverse impact to its marketability;
 - the adjacent property is not owned by an Affiliate of the Borrower; and
 - either:
 - there is no history of spills or leaks; or
 - if spills or leaks have occurred, all applicable permits are in place.

Guidance

Evidence of active mineral, oil, or gas activities on the Property may include:

- wells associated with mineral, oil, or gas production, exploration, or extraction;
- actively storing or processing mineral, oil, or gas; or
- pits, ponds, or lagoons associated with oil and gas exploration or production.



Glossary

A

Affiliate

When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender.

When referring to an affiliate of a Borrower or Key Principal:

- any Person that owns any direct ownership interest in Borrower or Key Principal;
- any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal;
- any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal;
- any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or
- any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal.

Synonyms

- Affiliates

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

P



Phase I ESA

Environmental report and site assessment performed according to the process described in current ASTM E 1527, including any report summarizing the conclusions of the assessment.

Synonyms

- Phase I Environmental Site Assessment
- Phase I ESAs

Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's