



# Multifamily Selling and Servicing Guide

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## 502.01 Environmental Site Assessments

### Requirements

You must comply with the Environmental Due Diligence Requirements ([Form 4251](#)), which include obtaining a Phase I Environmental Site Assessment (Phase I ESA) of the entire Property. The Phase I ESA must:

- be performed per the instructions in [Form 4251](#), including meeting the current requirements of ASTM E1527;
- be prepared by an environmental professional as that term is defined in 40 C.F.R. § 312.10 (an Environmental Professional);
- identify all environmental conditions and risks that may potentially impact resident safety, marketability, or value of the Property; and
- clearly identify how to properly mitigate those conditions and risks, including where applicable,
  - the Environmental Professional's recommendations regarding additional investigation, or requirements of government authority or regulatory agency, or
  - action to remediate or abate any Recognized Environmental Condition (REC)/Controlled Recognized Environmental Condition (CREC), as those terms are defined in ASTM E1527.

If the Phase I ESA identified any RECs/CRECs, you must obtain Fannie Mae's approval before Rate Lock.

### Guidance

You may rely on a preliminary or draft Phase I ESA to obtain a Commitment.



## Glossary

### A

ASTM American Society for Testing Materials

### C

**Commitment** Contractual agreement between Fannie Mae and the Lender where Fannie Mae agrees to buy a Mortgage Loan from the Lender at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and the Lender agrees to Deliver that Mortgage Loan to Fannie Mae.

#### **Synonyms**

- Committed
- Commitments

### E

**Environmental Site Assessment** Report (either a Phase I ESA or a Phase II ESA) identifying whether a Property is subject to Recognized Environmental Conditions or Business Environmental Risks.

#### **Synonyms**

- ESA

### 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

## **R**

## Rate Lock

Agreement between the Lender and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

### **Synonyms**

- Rate Locks