



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 504.01 Environmental Site Assessments

### Requirements

You must:

- comply with the Environmental Due Diligence Requirements ([Form 4251](#)), including obtaining a Phase I Environmental Site Assessment (Phase I ESA) of the entire Property;
- ensure the Phase I ESA:
  - is performed per the instructions in [Form 4251](#), including meeting the current requirements of ASTM E1527;
  - is prepared by an environmental professional as that term is defined in 40 C.F.R. § 312.10 (an Environmental Professional);
  - identifies all environmental conditions and risks that may potentially impact
    - resident safety,
    - marketability, or
    - Property value; and
  - clearly identifies 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; and
- obtain Fannie Mae's approval before Rate Lock if the Phase I ESA identified any RECs/CRECs.

### Guidance

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



# Glossary

## A

ASTM	American Society for Testing Materials
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## C

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

- Committed
- Commitments

## E

Environmental Site Assessment	Investigation and resulting report (Phase I ESA or Phase II ESA) conducted per Environmental Due Diligence Requirements ( <a href="#">Form 4251</a> ), identifying if a Property has Recognized Environmental Conditions or Business Environmental Risks.
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### **Synonyms**

- ESA
- Environmental Site Assessments

## P

Phase I ESA	Environmental Site Assessment conducted per the current ASTM E-1527 standard and the resulting report.
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### **Synonyms**

- Phase I Environmental Site Assessment
- Phase I ESAs



**Property** Multifamily residential real estate securing the Mortgage Loan, including the  
• fee simple or Leasehold interest,  
• Improvements, and  
• personal property (per the Uniform Commercial Code).

**Synonyms**

- Properties
- Property's

## R

**Rate Lock** Agreement between you 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