



# FREQUENTLY ASKED QUESTIONS

## 1 WHAT IS GREEN PRESERVATION PLUS?

Green Preservation Plus is a Multifamily Affordable Housing (MAH) mortgage loan that provides funds to finance:

1. Mortgage debt for a refinance or acquisition,
2. Investments to transform the property into a high performance property by reducing energy and water expense risk and improving overall property conditions

## 2 WHO SHOULD FINANCE WITH GREEN PRESERVATION PLUS?

Owners who are seeking to:

- Refinance or acquire an existing MAH property
- Strategically create a high performance building portfolio
- Actively manage expense risk
- Preserve property value
- Reduce energy and water costs for owners and tenants
- Reduce property maintenance and operating costs
- Improve overall property conditions and quality

## 3 WHY CHOOSE A GREEN PRESERVATION PLUS LOAN OVER A STANDARD MAH LOAN?

With Green Preservation Plus, owners receive:

- **Higher Loan to Value (LTV):** Up to 85%. LTV may be up to five percent higher than standard MAH loan to value
- **Lower Debt Service Credit Ratio (DSCR):** Minimum 1.15x. DSCR may be up to five basis points lower than the applicable DSCR requirement for a standard MAH loan
- **Cash Out:** Access the property’s equity in an amount equal to the energy and water efficient property improvements being financed
- Pricing competitive with standard MAH products
- Speedy execution within owner’s close dates

## 4 HOW DO HIGH PERFORMANCE PROPERTY IMPROVEMENTS CUT COSTS?

High performance property improvements directly or indirectly reduce energy and water costs at a property for the owner and tenants. High performance property improvements are sometimes called “green” or “energy and water efficiency” improvements.

The energy and water cost savings vary per property; however, the Property Condition Assessment and High Performance Building Module will identify the recommended list at the property. A comprehensive water- and energy-saving upgrade could reduce associated energy and water expenses by 15–30% annually.

## 5 HOW MUCH CAPITAL MUST BE INVESTED IN HIGH PERFORMANCE AND GENERAL PROPERTY IMPROVEMENTS?

Owners must invest at least 5% of the total Green Preservation Plus loan amount in high performance and general property improvements.

- **High Performance Improvements:** At least half of the property improvements being financed must be high performance improvements
- **General Improvements:** Owners may address general property improvements as needed

### EXAMPLE 1:

Uses of Green Preservation Plus Loan	Amount	% of Loan
High Performance Property Improvements	\$500,000	6%
General Property Improvements	+ \$250,000	3%
<b>Sub-Total Property Improvements</b>	<b>\$750,000</b>	<b>9%</b>
Debt for Refinance	+\$8,000,000	91%
<b>Total Green Preservation Plus Loan</b>	<b>\$8,750,000</b>	<b>100%</b>

## 6 WHAT ARE TYPICAL HIGH PERFORMANCE PROPERTY IMPROVEMENTS?

Typical ways to reduce energy and water costs are:

- **To reduce electricity costs:**
  - Install high-efficiency lighting and fixture upgrades
  - Install light sensors/timers on parking lot lighting & in common areas
  - Replace refrigerators and washers with ENERGY STAR® qualified appliances
- **To reduce heating/cooling costs (natural gas or electricity):**
  - Caulking and weather-stripping around doors and windows
  - Replace single-pane windows with energy-efficient windows
  - Replace aging roof with new, insulating roof
  - Replace aging HVAC or repair and tune existing HVAC
  - Install building energy management systems and systems controls
  - Install solar thermal, combined heat and power (CHP) systems, and other on-site renewable energy sources
- **To reduce water costs:**
  - Replace conventional fixtures and toilets with low-flow fixtures and toilets
  - Install timers on irrigation systems
  - Install leak detection systems



### 7 ARE “GENERAL” PROPERTY IMPROVEMENTS/ REPAIRS FUNDED?

Yes, general property improvements or repairs are funded in addition to high performance improvements; not all improvements must directly reduce energy and water expenses and risk.

Additional, non-high performance property improvements funded are dependent on the owner’s strategy and items identified in the Property Condition Assessment and High Performance Building Report. Examples include:

- Replace siding
- Fix parking lot, sidewalks, and balconies
- Replace / repair fencing

Many “general” improvements can contribute to your property’s transformation, including replacing the roof to reduce heating/cooling costs.

### 8 CAN I TAKE CASH OUT WITH GREEN PRESERVATION PLUS?

Yes. Green Preservation Plus permits the borrower to access the property’s equity in an amount equal to the high performance improvements being financed.

#### EXAMPLE 2:

Uses of Green Preservation Plus Loan	Amount	% of Loan
High Performance Property Improvements	\$500,000	5%
Standard Property Improvements	+ \$250,000	3%
<b>Sub-Total Property Improvements</b>	<b>\$750,000</b>	<b>8%</b>
Cash Out	\$500,000	5%
Debt for Refinance	+ \$8,000,000	86%
<b>Sub-Total Additional Capital</b>	<b>\$8,500,000</b>	<b>92%</b>
<b>Total Green Preservation Plus Loan</b>	<b>\$9,250,000</b>	<b>100%</b>

### 9 HOW LONG DOES IT TAKE TO CLOSE A GREEN PRESERVATION LOAN?

The Green Preservation Plus loan process takes the same amount of time as a standard Fannie Mae multifamily loan. Fannie Mae and its partners will guide you every step of the way to work towards a fast execution.

### 10 WHAT IS A PROPERTY CONDITION ASSESSMENT (PCA) WITH A HIGH PERFORMANCE BUILDING MODULE?

A Property Condition Assessment (PCA) assesses the property’s condition. The High Performance Building (HPB) Module is an additional scope of work that identifies opportunities to improve the property’s performance through energy and water efficient capital improvements.

The High Performance Building Assessment follows the ASHRAE Level II audit scope.

The PCA with HPB Module provides estimates on capital costs, return on investment and simple payback calculations for energy and water efficiency improvements.

### 11 HOW MUCH DOES A PNA WITH HPB REPORT COST?

PCA and HPB Module costs vary with markets, property size, and other variables.

- Buildings with 50 units or fewer are exempt from ordering a PNA with HPB Report

### 12 WHAT IS THE PEST MANAGEMENT MODULE?

HUD requires an additional report on the property’s pest management practices and conditions. Your Lender will order the Pest Management Report at the same time as the Property Condition Assessment with the High Performance Module.

### 13 WHAT MUST BE REPORTED DURING THE LOAN TERM?

Fannie Mae requires owners financing with Green Preservation Plus to track and report their energy and water use and costs annually. Fannie Mae requires the tracking and reporting to be executed using the EPA’s ENERGY STAR® Portfolio Manager, a free online system. The system can be accessed at [www.energystar.gov](http://www.energystar.gov).

Tracking energy and water costs over time allows owners to see the improvement in their property’s energy and water performance.

### 14 WHERE CAN I FIND THE LOAN SHEET?

The Green Preservation Plus term sheet is available at: [www.fanniemaegreeninitiative.com](http://www.fanniemaegreeninitiative.com)

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