



Multifamily Mortgage Business Lender Memo 18-01

January 8, 2018

To: Multifamily Lenders
From: Bob Simpson, Vice President, Multifamily Affordable and Green Financing
Subject: Lender Memo 18-01 | Expansion of Healthy Housing Rewards™

HIGHLIGHTS

Effective January 15, 2018, Fannie Mae is offering clarifying guidance and an additional pricing incentive for its Healthy Housing Rewards program, including:

- how to register, deliver, and be reimbursed for the certification cost for a Multifamily Affordable Housing (MAH) Property featuring Healthy Design; and
- a new pricing incentive and guidance for an MAH Property offering Enhanced Resident Services™.

Program Overview

The Healthy Housing Rewards program is a suite of pricing incentives that encourages the Sponsor of an MAH Property to implement healthy design features and provide enhanced resident services that improve the health and stability of the residents of the Property.

Properly certified MAH Properties where at least 60% of the units are serving residents at 60% AMI or less are eligible for pricing incentives for participation in one (but not both) of the program's two components – Healthy Design and Enhanced Resident Services. Lenders should contact the Fannie Mae MAH Deal Team for specific pricing.

Fannie Mae introduced the pricing incentive for Healthy Design in May 2017. Eligibility for this incentive requires, among other things, that the Property be certified as incorporating design elements that support the health and well-being of tenants. Fannie Mae will reimburse the cost of obtaining this certification. This Lender Memo describes steps the Lender must take to register and deliver data for the Mortgage Loan in order to obtain reimbursement.

This Lender Memo also announces a new pricing incentive with respect to Enhanced Resident Services, which encourages the Sponsor to provide resident services that improve the health and well-being of tenants. These services must correspond to the needs of the renter population and may support, among other things, health and wellness programs, food access, youth and education programming, community engagement, job training, financial literacy, and housing stability.

The Enhanced Resident Services element of the Healthy Housing Rewards Program requires certification of both the Sponsor and the Property with respect to those services. In the certification process, the Sponsor must demonstrate its commitment to providing meaningful, coordinated resident services as part of its long term business strategy. Other features of the Program motivate the Sponsor to maintain that commitment throughout the term of the Mortgage Loan. This Lender Memo describes the certification requirements, actions



the Lender must take at underwriting and servicing, and other program requirements. Attached FAQs provide additional instructions to Lenders.

Healthy Design

Fannie Mae has partnered with Center for Active Design to provide Property-level certifications for transactions with Healthy Design elements. The MAH Property must be certified by the Center for Active Design prior to Rate Lock to receive the pricing incentive.

- When registering a transaction in DUS Gateway® Lenders must follow the process outlined in the attached “FAQs – Healthy Housing Rewards Healthy Design”, which will include:
 - obtaining a pricing quote that includes the Healthy Design pricing incentive; and
 - uploading the required certification.
- Lenders must select special feature code 845 in the Multifamily Committing and Delivery (C&D™) system when delivering data for the Mortgage Loan.
- Fannie Mae will reimburse the Lender for the cost of the certification. Notwithstanding the prohibition against Lenders paying for third party expenses (per Part IVA, Section 202 of the Multifamily Selling and Servicing Guide (Guide)), Lenders may pay for the certification from the Origination Fee and be reimbursed by Fannie Mae after Delivery by following the process outlined in the attached “FAQs – Healthy Housing Rewards Healthy Design”.

Enhanced Resident Services

Fannie Mae has partnered with Stewards for Affordable Housing of the Future (SAHF) to provide initial and ongoing compliance certifications for both the Sponsor and MAH Property providing Enhanced Resident Services. The Lender must obtain the appropriate certifications for the Sponsor and the MAH Property prior to Rate Lock to be eligible for the pricing incentive.

- Origination and Underwriting
 - The Lender must follow the process outlined in the attached “FAQs – Healthy Housing Rewards Enhanced Resident Services” for registering the transaction and obtaining a pricing quote that includes the Enhanced Resident Services pricing incentive.
 - The Borrower must include the costs of providing the services in the Property’s operating budget, and the underwritten expenses must be equal to or greater than the annual dollar amount of the pricing reduction. The price reduction equals the Mortgage Loan amount multiplied by the pricing incentive granted by Fannie Mae.
 - The Lender must size the Mortgage Loan per Fannie Mae’s Multifamily Underwriting Standards (Form 4660), including the pricing reduction and the underwritten expenses for the services.
 - The certified Sponsor must have and maintain direct or indirect Control of the Borrower throughout the Mortgage Loan term.
 - The Lender must obtain a Non-Recourse Guaranty for losses resulting from the Borrower’s failure to comply with the Healthy Housing Rewards terms of the Loan Documents, which may be incorporated in the Multifamily Guaranty of Non-Recourse Obligations executed by the Key Principal (Form 6015), or covered in a separate Guaranty from the Sponsor.
- Certification Requirements
 - The Lender must obtain the initial SAHF certifications for the Sponsor and the MAH Property from the Borrower.
 - The Lender must upload the initial SAHF Sponsor certification to DUS Gateway prior to Rate Lock. Fannie Mae will pay SAHF directly for the initial Sponsor certification.
 - The Lender must also upload the initial SAHF certification of the MAH Property to DUS Gateway prior to Rate Lock. Fannie Mae will reimburse the Lender for the cost of the initial MAH



Property certification. Notwithstanding the prohibition against Lenders paying for third party expenses (per Part IVA, Section 202 of the Guide), Lenders may pay for the certification from the Origination Fee and be reimbursed by Fannie Mae after Delivery by following the process outlined in the attached “FAQs – Healthy Housing Rewards Enhanced Resident Services”.

- Both the Sponsor and the MAH Property must maintain ongoing certifications throughout the term of the Mortgage Loan.
 - The Borrower must pay SAHF to annually recertify the MAH Property at its own cost, and submit each recertification to the Servicer within 75 days following the end of each Loan Year.
 - The Sponsor must recertify with SAHF at its own cost every five years. As continued certification of the Sponsor is a prerequisite for the on-going certification of the MAH Property over the loan term, the Servicers is not required to separately monitor Sponsor recertifications.
- Delivery – Lenders must select special feature code 860 in the C&D system when delivering data for the Mortgage Loan.
 - Asset Management
 - Servicers are delegated the responsibility to monitor receipt of the MAH Property certifications. Servicers must retain the initial certification and each recertification in the Servicing File.
 - Servicers must promptly notify Fannie Mae of any recertification failure through the MAMP, or such other method indicated by Fannie Mae.
 - If an MAH Property is not recertified as scheduled but later achieves recertification, the Servicer must promptly notify Fannie Mae through the MAMP, and resume annual compliance monitoring upon the conclusion of each subsequent Loan Year.
 - The Loan Documents subject the Borrower to recourse liability for losses relating to the failure to recertify. The Lender is not required to take further action with respect to the Borrower’s liability absent written direction from Fannie Mae.

Effective Date

This Lender Memo is effective for all Healthy Housing Rewards Mortgage Loans Rate Locked on or after January 15, 2018.

Questions

Please contact Angela Kelcher at (972) 773-7486 (or angela_kelcher@fanniemae.com) with any questions.

Associated Documents

On the Effective Date, the FAQs and Terms Sheets will be available on fanniemae.com, and the new Form 6243 will be published in the Loan Documents page of fanniemae.com.

- Modifications to Multifamily Loan and Security Agreement (Healthy Housing Rewards – Enhanced Resident Services) ([Form 6263](#))
- FAQs – [Healthy Housing Rewards Enhanced Resident Services](#)
- FAQs – [Healthy Housing Rewards Healthy Design](#)
- Term Sheet – [Healthy Housing Rewards Enhanced Resident Services](#)
- Term Sheet – [Healthy Housing Rewards Healthy Design](#)