

May 2011-Updated Freddie Mac ESA Requirements

Revisions to Chapter 13, Environmental Requirements

- **Adding a general requirement for the minimum number of units to be inspected**

At a **minimum**, the environmental consultant must inspect the following number of units:

- For properties with less than 100 units, the greater of five units or 10% of all units
- For properties with 100 units or more, the greater of 10 units or 5% of all units
- For properties with multiple buildings that were constructed over time or in phases, the sampling protocol above applies to each group of buildings that are of similar design and construction and those constructed within the same time period or phase
- Regardless of the minimum sampling noted above, the environmental consultant's inspection must be sufficient to test as required for asbestos, lead-based paint (LBP), radon and mold

- **Adding a requirement that testing must be conducted in accordance with all local, State and federal regulations and licensing requirements**
- **Changing the reference to the American Society for Testing and Materials (ASTM) standard from the specific version to "the latest version"**
- **Adding a new section with environmental report requirements to the Seller/Service Guide that incorporates information previously in Section 13.15 and adds general report requirements**
- **Adding a requirement for us to approve any operations and maintenance program (O&M) before the Origination Date**
- **Clarifying that the consultant is required to report on super lien status and that you are responsible for disclosing this information**
The environmental consultant must determine and the environmental report must indicate if the State where the Property is located has an "environmental super lien" law that would allow environmental authorities to place a first priority lien on the Property as a result of environmental hazards
- **Clarifying that the opinion that a Property contains no asbestos-containing materials (ACM) cannot be based on the Property's construction date**

The environmental consultant must either render a professional opinion that the Property contains no ACM, or the environmental consultant must collect samples of materials suspected of containing friable ACM. The opinion that the property contains no ACM cannot be based on the Property's construction date. A qualified professional must analyze the samples utilizing polarized light microscopy and dispersion staining. The number and quantity of samples must be sufficient to provide meaningful results, with samples taken throughout the apartment building or complex.

If friable ACM is suspected within the residential units, the environmental consultant must take bulk samples from the greater of five units or 10 percent of all units, not to exceed 12 units. However, if undamaged friable ACM is suspected in an encapsulated condition, then a more limited sample may be appropriate, as determined by you. In any case, if undamaged, encapsulated wall and ceiling joint compound is a suspect material, samples of the joint compound need not be taken.

In lieu of testing samples of materials suspected of containing ACM, the environmental consultant may recommend an O&M program that meets the requirements of this TAH Guide if the consultant renders an opinion that all of the observed ACM is:

- Undamaged non-friable, and
- Non-hazardous in its current form, condition, and location

- **Adding language confirming that testing is not required for suspect undamaged, encapsulated friable joint compound, and allowing abbreviated O&M if that is the only suspect material**
In general, the Borrower must remove all friable ACM, including sprayed-on "popcorn-type" ceiling textures. Undamaged friable ACM may remain in place only if all of the conditions identified above, as well as the following conditions, exist:
 - The concentration or amount of asbestos in the material must be less than 10 percent by weight
 - The friable ACM must be in good condition as determined by the environmental consultant
 - The friable ACM must be sufficiently covered with paint or other material to help prevent the future release of asbestos into the air
 - The Borrower must institute an O&M program developed by the environmental consultant and acceptable to youUndamaged non-friable ACM and undamaged, fully encapsulated wall and ceiling joint compound that is assumed to contain asbestos may remain in place, subject to an acceptable abbreviated O&M program as set forth in Section 13.6(f) of the Seller/Service Guide.

- **Clarifying the inspection requirements for polychlorinated biphenyls (PCBs) in electrical transformers**
If the environmental consultant finds PCBs in excess of 50 parts per million (PPM) in nonutility-owned equipment on the Property, the environmental consultant must make a recommendation as to whether the equipment must be removed or managed in place with an O&M program that includes a requirement for frequent visual inspections of each piece of equipment for indications of leakage. The recommendation must be based on the type, size, age, condition and location of the equipment, as well as any other pertinent factors. You may allow the PCB-containing equipment to remain on the Property subject to a documented O&M program.

- **Revising and renaming Form 1103, Multifamily Environmental Assessment Form, and updating our reporting requirements**

See attached Form 1103 with new Super lien information

These changes can be found in Sections 13.1(b), 13.2(b), 13.4(c), 13.5, 13.6(b), 13.6(d) and 13.11(c) of the TAH Guide and Sections 13.3, 13.6(f), 13.11(b), 13.16 and 13.17 of the Seller/Service Guide, which have been incorporated into the TAH Guide by reference. There are additional sections with changes only to section number references.