

# Multifamily Financing Incentives



**Home Innovation**  
NGBS GREEN CERTIFIED™

## GREEN FINANCING SOLUTIONS

Fannie Mae and Freddie Mac offer financing solutions for green certified buildings, recognizing these buildings benefit from lower expenses, reduced operations and maintenance costs, and result in a higher quality asset. Financing incentives include interest rate reductions and higher loan proceeds for NGBS Green Certified properties at refinance, acquisition, or supplemental financing.

## FANNIE MAE GREEN INITIATIVE

Three green financing products are available for NGBS Green projects:

1. **Green Rewards:** Preferential pricing (10 bps discount) and up to 5% additional loan proceeds available for properties ready to make improvements and repairs after loan close. Available for refinance, acquisition, supplemental, and second supplemental.
2. **Green Certification Pricing Break:** Preferential pricing available for properties with NGBS Green certification awarded prior to loan lock. Available for refinance, acquisition, and supplemental.
3. **Green Preservation Plus:** Preferential pricing (up to 5 bps discount) and up to 5% additional loan proceeds available for affordable properties that are 10+ years old and ready to make improvements and repairs after loan close. Available for refinance and acquisition loans.

For more information on Fannie Mae green financing products, visit [FannieMae.com/multifamily/green-initiative](https://FannieMae.com/multifamily/green-initiative). Interested developers and owners should contact a Fannie Mae multifamily lender ([FannieMae.com/multifamily/lender-partners](https://FannieMae.com/multifamily/lender-partners)).

## FREDDIE MAC MULTIFAMILY GREEN ADVANTAGE

Multifamily buildings with at least one affordable rental unit that either have or are seeking NGBS Green certification will qualify for the better pricing on existing green buildings under Green Advantage. Borrowers have two financing options:

1. **Green Up** enables borrowers with qualifying properties to increase the amount of their eligible Freddie Mac Multifamily loan by up to 50 percent of projected energy and water savings.
2. **Green Up Plus** enables borrowers to increase the loan amount by up to 75% of the projected savings.

For more information on Green Advantage, visit: [www.freddiemac.com/multifamily/product/green-advantage.html](https://www.freddiemac.com/multifamily/product/green-advantage.html).

## HUD MORTGAGE INSURANCE PREMIUM REDUCTIONS

As of April 2016, HUD offers mortgage insurance premium (MIP) rate reductions for Federal Housing Administration (FHA) insured multifamily loans secured by buildings that attain NGBS Green certification. Annual MIP rates are reduced to 25 basis points from current rates, which are typically between 45 and 70 basis points, for multifamily FHA-insured loan types that meet two conditions:

- The building must be NGBS Green Certified, or the building owner must attest that s/he is seeking NGBS Green certification for the building.
- The owner must attest that the building has achieved or will pursue an Energy Score of 75 or better using EPA's Portfolio Manager. The score must be verified by a qualified assessor in preparing the physical condition assessment report.

MIP rate reductions are available for multifamily new construction, renovation, refinance, purchase, or seniors' housing. NGBS Green offers flexible and affordable certification for either new construction or renovation and, consequently, is a great path for builders seeking to qualify for MIP reductions.

### National Green Building Standard ICC-700

The National Green Building Standard (NGBS) provides practices for the design, construction or renovation, and certification of new and existing multifamily residential buildings. The NGBS is the first and only residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). It is also part of the family of ICC International-codes (I-Codes) that form a complete set of comprehensive, coordinated building safety and fire prevention codes.

### NGBS Green Certification

Home Innovation Research Labs, based in a suburb of Washington, D.C., serves as Adopting Entity and provides national certification services to the NGBS. Home Innovation was established in 1964 and has become an internationally-recognized, accredited product testing and certification laboratory. Our work is focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency as an independent, third-party testing and certification lab, and residential construction expertise, makes us uniquely suited to administer a green certification program for homes of all types.

The NGBS Green certification process is very straightforward and cost-effective with minimal administrative burdens. Interested building developers or owners should visit [HomeInnovation.com/Green](http://HomeInnovation.com/Green) or contact an accredited NGBS Green Verifier (all are listed at [HomeInnovation.com/FindNGBSVerifier](http://HomeInnovation.com/FindNGBSVerifier)) to start the process. While all verifiers accredited by Home Innovation Research Labs have been trained to complete multifamily verifications to the NGBS, those with specific expertise in verifying large multifamily projects are also included on a specialty listing – you'll find a link to that list on the "Find a Verifier" page.