

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
RENTAL HOUSING MINIMUM ENVIRONMENTAL ASSESSMENT REQUIREMENTS

All Rental Housing transactions financed by the Virginia Housing Development Authority (the “Authority”) shall be subject to the following minimum environmental standards. The Authority reserves the right to amend these standards on a case-by-case basis as it deems necessary to address the individual circumstances and site characteristics of each transaction.

GENERAL REQUIREMENTS

Environmental Assessment:

All applicants must provide the Authority with a Phase I Environmental Assessment (“Phase I”) as described in the Fannie Mae Multifamily Selling and Servicing Guide, as amended or supplanted, and any other requirements or guidelines issued by Fannie Mae from time to time (the “Fannie Mae Requirements”). Notwithstanding satisfaction of the Fannie Mae Requirements, all Phase I assessments shall be performed by independent, competent, and qualified engineers satisfactory to the Authority and shall indicate no environmental conditions or other matters unacceptable to the Authority. The Phase I shall be addressed to the Authority or, pursuant to a separate agreement with or letter from such engineer, the Authority shall be entitled to rely upon the Phase I without any limitations or conditions unacceptable to the Authority in the Authority’s sole discretion. In the event a Phase I indicates or estimates the presence of conditions unacceptable to the Authority, the Authority will require the submission of a Phase II Environmental Assessment (“Phase II”) as described within the Fannie Mae Requirements. The Phase II will delineate the location of such conditions so that risk and cost can be accurately underwritten.

Required Remediation:

Any remediation required by the Authority must be addressed under a site-specific remediation plan(s) approved by the Virginia Department of Environmental Quality, and all remedial methods must be compliant with applicable State and Federal Regulations. The environmental professional who conducted the Phase I or Phase II shall review and approve any remediation documentation necessary to treat, contain, or abate all such environmental conditions identified by the Authority as needing remediation. The environmental professional shall classify each remedial action as either a complete or incomplete removal of contamination. In instances of incomplete removal, the Authority may require further institutional controls (e.g. O&M Plans, land use agreements, soil capping, etc.).

EXCEPTIONS

For projects with a total development cost under \$2 million, the Authority may, at its sole option, waive the above requirement for a Phase I. In such event the applicant may provide the Authority with an Environmental Transaction Screen Assessment (“Transaction Screen”) for approval in lieu of a Phase I. Acceptance of Transaction Screens is intended to provide the Authority with a reasonable degree of confidence about the environmental concerns presented by rapid turnaround, small capitalization projects.

All Transaction Screens submitted to the Authority must, at a *minimum*:

- A. Be dated within 180 days of closing;
- B. Be addressed to the Authority;
- C. Demonstrate compliance with ASTM E1528-14 (as amended, updated, or supplanted by ASTM International), and include a completed Environmental Transaction Screen Questionnaire;
- D. Include an environmental database review of standard environmental record sources;
- E. Contain a limited historical review with a minimum of one source;
- F. Include a site reconnaissance, documented via photographs and a site diagram;
- G. Include a conclusion section that summarizes potential environmental concerns connected with the property, their impact on the property, and any recommended additional studies;

Applicants should be aware that Transaction Screens are limited in nature and do not meet the requirements of CERCLA's "Landowner Liability Protections;" thus, the Authority recommends that applicants obtain a Phase I and conduct reasonable due diligence for all projects regardless of the Authority's particular financing requirements.