

Davis-Penn Mortgage Co.
HUD 221(d)4
MIP Reduction for Green & Energy Efficient Housing

With the release of Federal Registry Vol. 81, No. 62, HUD now offers a reduced MIP of 0.25% to projects willing to adopt higher energy efficiency and sustainability standards for 221(d)4 New Construction transactions. Outlined below are the two phases to qualify and obtain the reduced 0.25% MIP rate as well as the performance requirements.

Pre-Construction/Design Phase:

1. The Owner must hire a M.A.P. qualified Energy Professional to perform a Statement of Energy Design Intent (SEDI) and certify the minimum Benchmark score of **75** or greater (using EPA's Portfolio Manager) is achieved.
 - If the SEDI is less than 75, further modeling and design alteration must be done until the minimum score is achieved.
2. And the Owner must certify that it will pursue, achieve and maintain an industry-recognized standard for Green Building. *Please note that the **'Prescriptive Path'** of the below standards must be followed (not the 'Performance Path').* Acceptable standards include:
 - a. Enterprise Green Communities Criteria
 - b. U.S. Green Building Council's LEED-H, LEED-H Midrise or LEED-NC
 - c. Energy Star Certification
 - d. EarthCraft House / EarthCraft Multifamily (Southface)
 - e. Earth Advantage New Homes
 - f. Greenpoint Rated New Home / Greenpoint Rated Existing Home
 - g. National Green Building Standard (NGBS)
 - h. Passive Building Certification or EnerPHit Retrofits certification from the Passive Housing Institute US (PHIUS), International Passive Housing Association, or the Passive Housing Institute
 - i. Living Building Challenge Certification from the International Living Future Institute
 - j. Acceptance of any other 'industry-recognized' green building standard is at HUD's sole discretion
 - It is important to note that the Prescriptive Paths of the standards listed above generally have certification and verification (commissioning) fees; these fees are considered mortgagable costs within the HUD 221(d)4 Loan.
 - The M.A.P. qualified Energy Professional (or project Architect/Engineer) must be able to certify that the plans and specs are sufficient to achieve and maintain the specified benchmark certification.

Post Construction Phase:

- Within 15-months of construction, the owner must submit to HUD evidence that the specified green building standard has been achieved.
- Within 15-months of construction, the owner must submit to HUD a copy of the EPA's Portfolio Manager report showing evidence at or above a score of 75.
- The owner must submit the Portfolio Manager report annually to HUD showing that the property has maintained its efficiency performance.
- It is important to note that standards (such as Energy Star) require multiple years of compliance before the property receives 'final certification.' Meeting any of these required standards will be a condition of this program.

Note: If the reduced MIP is applied for and granted and the property does not achieve (and maintain) the energy standards after construction that were certified to in the design phase, there are serious repercussions. HUD will 'impose protocols' similar to those used by REAC for unacceptable property scores – which means 2530 Previous Participation flags until the property is brought into compliance.

