

Fannie Mae and Freddie Mac's Joint Multifamily Radon Policy FAQs

Last Updated 1/19/2023

What changes did Fannie Mae and Freddie Mac make to our radon policies in 2023?

Freddie Mac and Fannie Mae (the Enterprises) will be aligning our multifamily radon policy requirements.

The Enterprises will be making policy enhancements to our radon policies, including:

- Requiring that testing be increased from 10% of ground floor units to 25%, subject to exemptions and deferrals for certain property types or loan products.
- Requiring an Environmental Professional (EP) to manage the radon testing process.
- Requiring the EP or property representative to provide tenant notifications for radon testing.
- Encouraging better radon data collection at multifamily properties across the United States, including collaboration with the Centers for Disease Control (CDC) on multifamily data standards and assessing the impact of the new testing standards.
- Providing improved guidance for lenders and environmental consultants on the Enterprises' radon standards. As part of such guidance, the Enterprises will reinforce the need for compliance with state and local radon laws.

FHFA will continue to monitor the multifamily mortgage market and will reassess these radon requirements in consideration of the radon industry's ability to adapt to increasing radon testing on a nationwide scale, impacts on residents of Enterprise-financed properties, and the Enterprises' ability to serve our mission.

In 2024, FHFA and the Enterprises will reassess radon requirements after collecting better data on radon testing at Enterprise-backed properties.

Do Enterprise-backed multifamily mortgages require radon testing?

Yes, radon testing will be required for every multifamily mortgage loan purchased, unless an exemption or deferral applies. Multifamily properties are generally defined as properties with 5 or more units.

Which Enterprise-backed mortgage loans are exempt from radon testing?

An Enterprise-backed mortgage loan will be exempt in the following circumstances:

- Refinances of properties with existing Enterprise debt that have undergone previous radon testing and mitigation (if applicable) compliant with the updated radon requirements effective June 30, 2023;
- Supplemental loans;
- Cooperatives;
- Manufactured Housing Communities;
- Properties with no ground-contact residential space (for example, properties with ground-floor retail, first-floor amenities/leasing, or residential units above a parking garage or code-compliant ventilated crawl space) Properties with property-wide radon mitigation systems and an operations and maintenance plan in place;
- New construction built with radon resistant measures; and
- When the EP concludes that testing or mitigation is not necessary and documents reasons supporting this conclusion.

Is radon testing required for adjacent units that are not part of the mortgage loan collateral, such as those that are part of a condominium complex or a fractured condominium?

No.

Are upper floor residential units required to be tested?

No, unless mandated by state or local laws.

Do properties that qualify for the Enterprises' small balance loan programs require testing?

We are deferring small loan testing until 2024, at which point we will reassess and provide additional guidance. Small loans are as defined in each of the Enterprises' Guides.

Can multifamily property owners conduct radon testing in lieu of an environmental professional (EP)?

Radon testing required as part of the due diligence for an Enterprise-backed loan must be overseen by an EP. An EP may direct a property representative to place or retrieve the radon testing canisters as appropriate. In all cases, state and local requirements for the qualifications of the radon testing professional must be met.

What if my state requires different radon testing standards than Fannie Mae or Freddie Mac?

If there appears to be a conflict with any Enterprise radon requirements, the Lender must comply with all state and local regulations, as well as any more stringent Enterprise requirements.

Who makes the final decisions on awarding the contract, choosing the testing and mitigation protocol, and other related details?

Each lender is responsible for ensuring that environmental and radon testing meet Enterprise requirements. The lender should contract with an environmental inspection firm to perform all of the due diligence inspections required for the lender to deliver an Enterprise-backed loan.

Will the tenants have to be notified about radon testing?

The EP or a property owner representative will provide notices to applicable staff/tenants, including guidance on maintaining proper conditions for effective testing. Communications also will include training or direction to staff as needed.

If there is an elevated reading in one of the units tested, will other areas need to be tested?

For all residential buildings that have at least 1 unit with elevated radon concentrations equal to or greater than 4.0 pCi/L after the first round of testing, the EP must recommend one of the following:

- Additional testing of 25% of the ground-contact units within buildings with radon levels at the 4.0 pCi/L threshold or higher using either short- or long-term testing. Units that tested at 4.0 pCi/L or greater during the first round of testing must be re-tested. If there are additional units that must be tested to meet the 25% threshold, the EP may select them at their discretion. If proceeding with a second round of testing, remediation is required if the average of the two short-term tests or the result of the long-term test is 4.0 pCi/L or greater; or
- Installation of a radon mitigation system in all buildings having a unit with a radon concentration of 4.0 pCi/L or above.

Follow-up testing and mitigation may either be completed during due diligence or as a post-closing obligation, based on the Enterprises' programmatic requirements.

What is required for mitigation of any building at the property having a unit with elevated levels of radon?

After following the testing protocols outlined above, any unit that is required to be mitigated per the testing protocols must be mitigated.

Mitigation will proceed as follows:

- Conducted in compliance with all applicable laws and regulations.
- A qualified radon mitigation firm will determine the type of mitigation system required.
- Additional considerations may include installation of a multi-unit mitigation system at the discretion of the engaged mitigation firm.

Mitigation systems will be managed under an operations and maintenance plan, including periodic inspections of system components by a Borrower representative.

If post-closing testing or mitigation is required, the lender will submit documentation from the EP stating what steps were taken, that the work was satisfactorily completed, and what further actions must be taken, if any. Post-mitigation testing must confirm radon levels of below 4.0 pCi/L.

Is ongoing radon testing required at an Enterprise-backed property?

No, ongoing testing is not required during the loan term unless required under an operations and maintenance plan.

Where are the Enterprises multifamily radon standards and guidelines?

- [Fannie Mae Link](#)
- [Freddie Mac Link](#)