

Manufactured Housing Community Loan (MHC)

With flexible financing, competitive pricing, certainty, and speed of execution, a Manufactured Housing Community (MHC) loan provides financing for affordable housing for underserved populations, particularly in rural and non-metro areas across the country, where MHCs are an important, and sometimes the only, source of affordable housing.

Eligible Property Types	Existing, stabilized, high-quality and professionally managed MHCs, with or without age restrictions, excluding Seniors Housing Properties
Eligible Borrowers	<ul style="list-style-type: none"> • Sponsor should have two or more years of experience in operating MHCs and own one other MHC property • Borrower may be a limited partnership, corporation, limited liability company, or a tenancy-in-common (TIC) with 10 or fewer tenants-in-common • General partnerships, limited liability partnerships, REITs, and certain trusts may also be acceptable in limited circumstances, subject to additional requirements • Borrower must be a single-purpose entity • On loans less than \$5M, a borrower other than a TIC may be a single-asset entity • If the borrower is a TIC, each TIC must be a single-purpose entity
Terms	Up to 5, 7, and 10-year terms; longer terms considered on a case-by-case basis
Amount	\$1M or larger
Maximum Amortization	30 years
Interest Rate	Fixed- or floating-rate options available
Interest Only	Partial-term and full-term interest-only available
Prepayment Provisions	Refer to the Fixed-Rate loan and Floating-Rate loan term sheets for additional information
Recourse Requirements	Non-recourse except for standard carve-out provisions
Supplemental Financing	Available, subject to the supplemental loan offering requirements
Tax and Insurance Escrows	Required
Replacement Reserve Escrow	Minimum \$50 per site per year
Application Fee	\$2,000 or 0.1% of loan amount, whichever is greater
Early Rate and Spread Lock Options	Early rate lock and spread lock options available, typically ranging from 60 days to 120 days, including early rate lock and index lock options
Refinance Test	No refinance test is necessary if the loan has an amortizing debt coverage ratio (DCR) of 1.40x or greater and a loan-to-value (LTV) ratio of 60% or less
Additional Considerations	<ul style="list-style-type: none"> • The property must have a minimum of five paid sites • The percentage of homes owned by a borrower-affiliate or third-party investor cannot exceed 25% in aggregate • Homes must conform to the requirements of the Federal Manufactured Home Construction and Safety Standards Act of 1974 (HUD Code Standards) • Private wells and septic systems are allowed with considerations • Leases cannot contain options to purchase pad site • Retail sales or financing by borrowing entity of any manufactured home are not allowed • RV campgrounds and broken condominiums are excluded

MHC Tenant Protections

Within 12 months after loan origination, MHC tenant protections must be included in all leases, community rules and regulations, or other written agreements with owners and renters of manufactured homes at the property approved by lender,:

- One-year renewable lease term, unless there is a good cause for non-renewal. “Good cause” includes violations of law, an existing default in the payment of rent at time of lease renewal (subject to applicable grace period and cure rights), and serious or repeated violations of the material terms and conditions of its lease
- 30-day written notice of rent increases*
- Five-day grace period for rent payments and the right to cure rent payment defaults within the cure period set forth in the lease. If the lease has no cure period, then the right to cure the rent payment default shall be within 10 days after expiration of the four day grace period*
- Right to sell the manufactured home to a buyer that qualifies as a new tenant in the MHC, without having to first relocate it out of the MHC
- Right to sell the manufactured home in place within 30 days after eviction, subject to MHC owner’s right to prevent a dangerous condition or any threat or risk of bodily harm to tenants or visitors of the MHC; nothing prohibits the MHC owner from exercising any right or remedy available against tenant under law
- Right to (a) sublease, and (b) assign the pad site lease for the unexpired term to the new buyer or sublessee of the tenant’s manufactured home without any unreasonable restraint, so long as the new buyer or sublessee, as applicable, qualifies as a new tenant within the MHC (including satisfying applicable credit and background checks and requirements in the MHC rules and regulations)
- Right to post “For Sale” signs that comply with MHC rules and regulations
- Right to receive at least 60 days’ notice of planned sale or closure of the MHC*

Any protection that violates applicable law or is less favorable to a resident than applicable law will be automatically void and will not affect the enforceability of any other provisions of the agreement.

**Note: All eight protections apply to owners of manufactured homes at the Property. The second, third, and eighth protections also apply to renters of manufactured homes at the Property.*