

Manufactured Housing Community (MHC) Loans

Arbor's Fannie Mae DUS[®] Manufactured Housing Community (MHC) loans provide competitive pricing and flexible terms and function as a major source of liquidity for affordable housing community owners.

Benefits

- Customized solutions
- Competitive pricing
- Certainty of execution
- Speed in processing and underwriting

Eligibility

- Existing, stabilized, professionally managed MHC, with or without age restrictions, having a minimum of 50 pad sites
- Quality Level 3, 4, or 5 communities
- At least one Key Principal of the Borrower should have experience in operating MHC

Terms

Five-30 years

Amortization

Up to 30 years

Interest Rate

Fixed- and variable-rate options available

Maximum LTV

80%

Minimum DSCR

1.25x

Property Considerations

- MHC may be either age-restricted or all age (family community)
- The percentage of tenant-occupied homes generally may not exceed 25% but that threshold may rise as high as 35% with a business plan to reduce the percentage of park-owned homes over time.
- Density is based on market norms and generally should not exceed 12 Manufactured Homes per acre for an existing community and seven Manufactured Homes per acre for a new community
- With limited exceptions, all Manufactured Homes should conform to applicable Manufactured Housing HUD Code standards
- Leases cannot contain a tenant option to purchase the pad site
- Additional pricing incentives available for non-traditional MHC ownership forms (e.g., non-profit, government entity, or resident-owned)

Supplemental Financing

Supplemental Mortgage Loans are available

Prepayment Availability

Flexible prepayment options are available, including yield maintenance and declining prepayment premium. Mortgage Loans may be voluntarily prepaid upon payment of the required prepayment premium per the Loan Documents.

Rate Lock

30- to 180-day commitments. Borrowers may use the Streamlined Rate Lock option.

Accrual	30/360 and Actual/360
Recourse	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.
Escrows	Funding of tax and insurance escrows depend on leverage level. Replacement reserve escrow is typically not required.
Third-Party Reports	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
Assumption	Mortgage loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.
Minimum Underwritten Vacancy/ Collection Loss	Minimum 5% economic vacancy assumption