

# 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

- The sponsor should have two or more years of experience in operating MHCs and should own one other MHC property
- The 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, real estate investment trusts (REITs) and certain trusts may also be acceptable in limited circumstances, subject to additional requirements
- A borrower must be a Single-Purpose Entity (SPE). On loans less than \$5 million, a borrower other than a TIC may be a Single Asset Entity instead
- If the borrower is a TIC, each TIC must be an SPE

## Fixed-Rate/Floating-Rate<sup>1</sup> LTV Ratios and Amortizing<sup>2</sup> DCRs

Fixed-Rate Base Conventional Maximum LTV and Minimum DCR <sup>3</sup>	Amortizing	Partial-Term Interest Only <sup>4</sup>	Full-Term Interest Only
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Acquisitions and Refinances

≥5-Year and < 7-Year Term	75%/1.25x	75%/1.25x	65%/1.35x
≥7-Year Term	80%/1.25x	80%/1.25x	70%/1.35x

<sup>1</sup> Floating-rate proceeds are calculated based on the comparable fixed note rate.

<sup>2</sup> The DCR calculated for the partial-term interest-only and full-term interest-only period uses an amortizing payment.

<sup>3</sup> Adjustments may be required depending on the property, product and/or market.

<sup>4</sup> For partial-term interest-only loans, there must be a minimum amortization period of two years. All mortgages with less than two years of amortization must meet the requirements for full-term Interest-Only Mortgages.<sup>5</sup> Maximum combined maturity LTV is 70%, subject to adjustment for certain property and loan types.

## Terms

Up to 5-, 7- and 10-year terms; longer term loans considered on a case-by-case basis

## Amount

\$1 million or larger

## Maximum Amortization

30 years

## Interest Rate

Fixed- or floating-rate options available, please refer to the Fixed-Rate Loan and Floating-Rate Loan term sheets for additional information

## 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

<b>Recourse Requirements</b>	Non-recourse except for standard carve-out provisions
<b>Supplemental Financing</b>	Available, subject to the Supplemental Loan offering requirements
<b>Tax and Insurance Escrows</b>	Required
<b>Replacement Reserve Escrow</b>	Minimum \$50/site/year
<b>Application Fee</b>	Greater of \$2,000 or 0.1% of loan amount
<b>Early Rate and Spread Lock Options</b>	Early rate- and spread lock options available, typically ranging from 60 days to 120 days, including Freddie Mac's early rate-lock and Index Lock options
<b>Refinance Test</b>	No Refinance Test is necessary if the loan has an amortizing DCR of 1.40x or greater and an LTV ratio of 60% or less
<b>MHC Tenant Protections</b>	Within 12 months after loan origination, MHC Tenant Protections must be included in all leases, community rules and regulations, or other written agreements approved by the lender, with owners and renters of manufactured homes at the property, as applicable (see end of term sheet for further details)
<b>Additional Considerations</b>	<ul style="list-style-type: none"> <li>• The property must have a minimum of five pad sites</li> <li>• The percentage of homes owned by a borrower-affiliate or third-party investor cannot exceed 25% in aggregate</li> <li>• Freddie Mac prefers that all homes conform to the requirements of the Federal Manufactured Home Construction and Safety Standards Act of 1974 (HUD Code Standards)</li> <li>• Private wells and septic systems are allowed with considerations</li> <li>• Leases cannot contain options to purchase pad site</li> <li>• Retail sales or financing by borrowing entity of any manufactured homes is not allowed</li> <li>• RV campgrounds and broken condominiums are excluded</li> </ul>
<b>MHC Tenant Protections</b>	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. 30-day written notice of rent increases*</li> <li>3. 5-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 5-day grace period*</li> <li>4. 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</li> <li>5. 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</li> <li>6. 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)</li> <li>7. Right to post "For Sale" signs that comply with MHC rules and regulations</li> <li>8. Right to receive at least 60 days' notice of planned sale or closure of the MHC*</li> </ol>

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. Protections 2, 3 and 8 also apply to renters of manufactured homes at the property