

Freddie Mac Conventional Manufactured Housing Community Loan

GREYSTONE

Description

Existing, stabilized, high-quality, and professionally managed manufactured housing communities (MHCs), with or without age restrictions, excluding Seniors Housing Loans



Loan Amount

\$1M or larger

Loan Term

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

Max Amortization

30 years

Max Loan to Value

80%

Minimum Coverage

1.25x

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, 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 \$5M, 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

Interest Rate

Fixed or floating available

Third Party Reports

MAI Appraisal, Zoning Report, Physical Needs Assessment, and Environmental Phase I Assessment

Tax, Insurance, & Replacement Reserves

Tax and insurance escrows are required. Replacement Reserve escrow is a minimum \$50 / site / year

Recourse Requirements

Non-recourse except for standard carve-out provisions

Lender Application Fee

\$15,000; covers 3rd party reports and processing / underwriting costs

Freddie Mac Application Fee

Greater of \$2,000 or 0.1% of loan amount

Supplemental Loan Availability

Yes

Additional Considerations

- The property must have a minimum of five pad 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 homes is 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 approved by the lender, with owners and renters of manufactured homes at the property, as applicable.

1. One-year renewable lease term, unless there is 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.
2. 30-day written notice of rent increases
3. Five-day grace period for rent payments and the right to cure defaults on rent payments 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 within 10 days after expiration of the 5-day grace period.
4. Right to sell the manufactured home to a buyer that qualifies as a new tenant in the community, without having to first relocate it out of the community
5. Right to sell the manufactured home in place within 30 days after eviction by the community owner, 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
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 community (including satisfying applicable credit and background checks and requirements in the MHC rules and regulations)
7. Right to post "For Sale" signs that comply with community rules and regulations

8. Right to receive at least 60 days' notice of planned sale or closure of the community

NOTE: Any MHC Tenant Protection that violates applicable laws 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. 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.

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