

# 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

- A key principal 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

## Prepayment Terms

Will follow that of fixed rate or floating rate loans

## Third Party Reports

MAI Appraisal, Physical Needs Assessment, and Environmental Phase I Assessment are required, plus Seismic Report may be required for properties in Seismic Zones 3 and 4

## Tax, Insurance, & Replacement Reserves

Tax and insurance escrows are required. Minimum \$50 / home site / year and \$250 / manufactured home / year for each borrower-owned manufactured home that is included in the collateral

## 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

## Origination Fee

Competitive

## Legal Fees

\$8,000 to \$12,000 varying with characteristics of the deal

## Timing

45-60 days from the application to commitment; dependent on 3rd party report timing and Borrower's submission of due diligence

## Rate Lock

Early rate and spread lock options available, typically ranging from 60 to 120 days

## Assumability

Loan is assumable, subject to lender approval of proposed replacement Borrower. Fees include 1% assumption fee, part of which is paid to Freddie and a \$5,000 processing fee to cover Lender's underwriting expenses.

## Supplemental Loan Availability

Yes

## Additional Considerations

- The property must have a minimum of five pad sites
- The percentage of homes owned by the Borrower, 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, or borrower-owned manufactured homes
- Retail sales or financing by borrowing entity of any manufactured homes is not allowed
- RV resorts and broken condominiums are excluded

## MHC Tenant Protections

Discounted pricing and up to a \$10,000 rebate for third-party reports available to borrowers who agree to include the following MHC Tenant Protections in all homeowner leases within 12 months after loan origination:

- 1 One-year renewable lease term, unless there is good cause for non-renewal
- 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
- 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
- 6 Right to sublease, or assign the pad site lease, for the unexpired term to the new buyer of the tenant's manufactured home without any unreasonable restraint, so long as the new buyer qualifies as a new tenant within the community
- 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 will be automatically void and will not affect the enforceability of any other provisions of the lease.