

# Fannie Mae DUS® Manufactured Housing Property Lending Loan

GREYSTONE

## Description

Non-recourse, fixed and adjustable rate financing for the acquisition or refinance of stabilized manufactured home communities where the Borrower owns the Manufactured Housing Community (MHC) sites and associated common amenities and infrastructure, and leases the individual pad sites to the owners of the manufactured homes.

## Loan Amount

Minimum \$1 million

## Loan Term

5 – 30 years

## Amortization

Up to 30 years may be available for either age restricted communities or all age (family) communities

## Interest Rate

Fixed and variable rate available.

## Pricing

Additional pricing incentives are available for Communities that implemented Tenant Site Lease Protections starting at 25% of the Sites with an increase in the incentive for Lease Protections on 50% of the Sites, or are owned by a non-profit entity (see below for required lease protections).

## Prepayment

Flexible prepayment options are available. Loans may be voluntarily prepaid upon payment of yield maintenance for fixed-rate loans and graduated prepayment for variable-rate loans.

## Loan to Value Maximum

Maximum 80% of appraised value, or, if a property has been purchased within the past 12 months, 80% of lower of appraisal or purchase price (and up to 3% of closing costs) plus value added renovation

## Coverage Minimum

1.25x fixed rate / 1.00x adjustable rate

## Property Considerations\*

- Existing, stabilized, professionally managed MHC, with or without age restrictions, having a minimum of 50 sites.
- Quality Level 3, 4, 5 communities.
- The percentage of tenant-occupied homes generally may not exceed 25%. Up to 35% allowed under certain conditions.

- Density is based on market norms. Preference is not exceed 12 Manufactured Homes per acre for an existing community and 7 Manufactured Homes per acre for a new community.
- Homes should be professionally skirted with hitches removed or covered.
- A completion escrow can be used to bring the park into compliance. Preference is for two off-street paved parking spaces. On-street parking is allowed if in compliance with prevailing market conditions subject to local ordinance.
- Paved roads.
- With limited exceptions, all Manufactured Homes should conform to applicable Manufactured Housing HUD Code standards.
- Community must be served by underground public utilities or have a licensed private sewage treatment plant, septic system, or private water well.
- Leases with 2-year terms or longer cannot contain a tenant option to purchase the site.
- Further review is required if the property is in a flood zone.

*\*Note: Communities that do not meet all of the above characteristics will be considered on a case-by-case basis.*

## Third Party Reports

MAI Appraisal, Property Condition Assessment, and Environmental Phase I Reports are required

## Third Party Reports Cost Reimbursement

Fannie Mae will reimburse the cost of third-party reports, up to \$10,000, for Communities with Tenant Site Lease Protections implemented for at least 50% of the Sites, or if the community is owned by a non-profit entity. Minimum site lease protections must include:

- (a) One-year renewable lease term for the site, unless good cause for nonrenewal;
- (b) 30-day written notice of site rent increases;
- (c) 5-day grace period for site rent payments, and right to cure defaults on site rent; and
- (d) Rights of tenants to:
  - (i) sell the manufactured home without having to first relocate it out of the community;
  - (ii) sublease the home or assign the site lease to new buyer, so long as the new buyer meets the minimum MHC rules and regulations and the borrower's credit standards for new tenants, consistent in the market;
  - (iii) post "for sale" signs that comply with the MHC rules and regulations;
  - (iv) sell the home in place within 45 days after eviction; and
  - (v) receive at least 60 days advance notice of any planned sale or closure of the community.

## Escrows

Funding of tax and insurance escrows depend on leverage level. A replacement reserve escrow is typically not required.

## Application Fee

\$15,000 to cover third party reports and processing/underwriting costs

## Rate Lock

30- to 180-day commitments. Borrowers may lock a rate with 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. For loans with the pricing incentive for having minimum Tenant Site Lease protections, a Limited Payment Guaranty for 10% of the Mortgage Loan amount is required.

## **Assumability**

Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.

## **Supplemental**

Financing available one-year after loan origination

## **Minimum Underwritten Vacancy/Collection Loss**

Minimum 5% economic vacancy assumption.

## **Borrower Eligibility**

At least one Key Principal of the Borrower should have experience in operating MHC’s.