



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 420

## MH Communities with Tenant Site Lease Protections

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A Mortgage Loan secured by an MH Community with Tenant Site Lease Protections requires additional monitoring. The Loan Documents require the Borrower to annually provide:

- a certified copy of the current residential MH Site Lease form;
- a certified copy of the notice sent to all MH Site Lease tenants if the Tenant Site Lease Protections were implemented by the Rules and Regulations;
- copies of any actual MH Site Lease requested by Lender; and
- a certification of the actual percentage of MH Site Leases that include all required Tenant Site Lease Protections, and that no material changes have been made to the MH Community's rules and regulations or to the MH Site Lease form.

The Servicer must:

- confirm the Borrower's ongoing compliance with the Loan Documents;
- if the Tenant Site Lease Protections were implemented within the MH Community's rules and regulations, confirm:
  - the rules and regulations contain all Tenant Site Lease Protections and are publicly posted in the MH Community; and
  - each MH Site Lease tenant received written notice of all Tenant Site Lease Protections added to the rules and regulations;
- if the Tenant Site Lease Protections were implemented within the MH Site Lease:
  - confirm the MH Site Lease form includes:
    - all Tenant Site Lease Protections; and
    - the required percentage of MH Site Leases (i.e., 25%, 50%, or 100%) are covered by the Tenant Site Lease Protections; and
  - annually audit at least 25% of the minimum percentage of MH Site Leases required per the Loan Documents (i.e., 25%, 50%, or 100%) to ensure all Tenant Site Lease Protections are included;



- determine whether the Borrower complied with all terms of the Tenant Site Lease Protections (e.g., the Borrower only raised MH Site Lease rents after required notice);
- retain the review of the Borrower's certification and audit results in the Servicing File; and
- notify Multifamily Loss Mitigation if the Borrower fails to certify compliance, or the MH Site Lease audit discloses potential noncompliance.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## L

**Lease** Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.

### Synonyms

- Leases

**Lender** Person Fannie Mae approved to sell or service Mortgage Loans.

### Synonyms

- Lenders
- Lender's

**Loan Documents** All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M



## Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

## Multifamily Loss Mitigation

Team that can be contacted at [lm\\_watch@fanniemae.com](mailto:lm_watch@fanniemae.com).

## S

### Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

### **Synonyms**

- Servicers
- Servicer's

### Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files

## T



## Tenant Site Lease Protections

MH Site Lease with the Homeowner or tenant of a Manufactured Home with:

- a 1-year renewable (at the MH Site Lease tenant's election) lease term, unless good cause for nonrenewal exists;
- a minimum 30-day written notice of rent increases;
- 5-day minimum grace period for non-payment of rent, and the right to cure rent payment defaults within the specified cure period (or 10 days if no cure period is specified);
- the Homeowner's right to:
  - sell the Manufactured Home without first relocating it out of the MH Community;
  - sublease or assign the MH Site Lease (for the remaining unexpired term), if the Manufactured Home purchaser satisfies the MH Community's
    - rules and regulations, and
    - then-applicable credit and background check requirements;
  - post "for sale" signs on the MH Site per the MH Community's rules and regulations; and
  - sell the Manufactured Home in place within 45 days after eviction, while the Manufactured Home remains on site and connected to public and private utilities; and
- at least 60-days notice before any planned MH Community sale or closure.