



# Multifamily Selling and Servicing Guide

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## 603.01 Borrower and the MH Community

### 603.01A Borrower Ownership

#### Requirements

If the Borrower is a non-profit entity, then you must ensure that each of the following complies with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#):

- the Borrower;
- Key Principals;
- Guarantors; and
- Principals.

#### Guidance

If the Borrower is a non-profit entity, you may reimburse the Borrower from the Origination Fee for up to a combined total of \$10,000 for the cost of any required MH Community Mortgage Loan third-party reports (e.g., Appraisal, Environmental Site Assessment).

#### Operating Procedures

Fannie Mae will reimburse the cost of any third-party report within 2 months after the delivery of the Mortgage Loan. To receive reimbursement, you must:

- request an invoice from the vendor with the report cost listed as a separate line item from any ancillary charges (Fannie Mae will not reimburse other costs such as fees for expediting a report);
- within 1 month after the Mortgage Loan Origination Date:
  - complete [Form 4829](#), detailing the Lender's information, the commitment number or loan number, Property information, wiring instructions, and listing the third-party cost as "Other" (note that any fields related to servicing may be left blank); and
  - manually sign or e-sign [Form 4829](#), scan or save it as a PDF file, and email the signed PDF [Form 4829](#) and the third-party report invoice to: [mhc\\_report\\_reimbursement@fanniemae.com](mailto:mhc_report_reimbursement@fanniemae.com).

### 603.01B Collateral; Borrower-Owned Homes and Affiliate-Owned Homes



### Requirements

The collateral for an MH Community Mortgage Loan consists of

- the MH Community's land and infrastructure,
- the rents for the MH Sites, and
- any other Borrower-owned property used for the MH Community.

The percentage of Borrower-owned Manufactured Homes must not exceed 35%. If the percentage of Borrower-owned Manufactured Homes is greater than 25%, then:

- the Borrower's business plan must reflect the conversion of the Manufactured Homes to owner-occupied over time; and
- on-going business related to the sale, financing, or rental of a Manufactured Home located on the Property must be performed by an Affiliate.

If any Affiliate-Owned Manufactured Homes are leased to tenants of an Affiliate of either the Borrower or a Key Principal, then:

- The lease must be at a market rate rent.
- If the tenant's rent payment includes both the rent for the Affiliate-Owned Manufactured Home and the rent for the MH Site, then either:
  - the check must be payable to and deposited by the Borrower, which must pay all required P&I, and escrows before remitting the rent payment to the Affiliate; or
  - you must consider whether it is appropriate to require a lockbox arrangement with the Borrower and the Affiliate
    - into which all rent checks for the Manufactured Homes and MH Sites must be deposited, and
    - from which you can control the disbursement of funds for P&I, required escrows, and the Manufactured Home rentals, with the remainder disbursed to the Borrower.

## **603.01C** MH Community

### Requirements

An MH Community Mortgage Loan must be secured by a first priority Lien on an MH Community that:

- has a minimum of 50 MH Sites;
- is made up of contiguous parcels or, if the MH Community is made up of



Non-Contiguous Parcels, then:

- all parcels are located within the same MSA; and
- each separate parcel (individually), and all Non-Contiguous Parcels (together), comply with the Guide; and
- achieves at least a Level 3 Quality Rating per the Manufactured Housing Community Quality Rating Standards table in [Part III, Chapter 6: Manufactured Housing Communities, Section 603.02: MH Community Score](#).

An MH Community must be served by either

- public underground utilities, or
- private sewage treatment plants, septic systems, and private water wells which are:
  - common for the market;
  - owned by the Borrower or an Affiliate; and
  - in compliance with all applicable government requirements.

## Guidance

The Mortgage Loan may be secured by either an Age-Restricted MH Community or an All-Age MH Community.

You should consider the following:

- For an MH Community that is more than 25 years old, does the Borrower have a plan for placing new Manufactured Homes in the MH Community as MH Sites with older Manufactured Homes are vacated?
- Are the landscaping and entrance signage high quality and well maintained?
- For an MH Community served by a private sewage treatment plant, septic system, or a private water well, then:
  - Address the availability and cost of obtaining a backup source for water if the MH Community has a private water well.
  - Ensure that the operator of the facility, including its employees and contractors, meet all applicable government requirements to perform ongoing operation and maintenance.
  - If the operator is an employee of the Borrower, identify a local, qualified vendor that could be retained if substitute services are needed.
  - Exercise reasonable due diligence, including contacting municipal agencies, to confirm that



- the MH Community's connection to a municipal system has not been mandated, and
- no mandate is expected to occur during the term of the Mortgage Loan.
- If hookup is imminent, determine if an escrow for the cost is appropriate.



# Glossary

## A

### Affiliate

When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender.

When referring to an affiliate of a Borrower or Key Principal:

- any Person that owns any direct ownership interest in Borrower or Key Principal;
- any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal;
- any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal;
- any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or
- any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal.

#### **Synonyms**

- Affiliates

### Affiliate-Owned Manufactured Home

Manufactured Home or park model home located on an MH Site that is owned by an Affiliate of the Borrower.

#### **Synonyms**

- Affiliate-Owned Manufactured Homes
- Affiliate-Owned Home
- Affiliate-Owned Homes

### Age-Restricted MH Community

MH Community that limits residents to those who are over a particular age (e.g., persons who are age 62 or older, or at least 80% of the Manufactured Homes occupied by at least 1 person who is age 55 or older).

### All-Age MH Community

MH Community that accepts residents of any age.



## Appraisal

Written statement independently and impartially prepared by a qualified appraiser stating an opinion as to the market value of the Property as of a specific date, supported by the presentation and analysis of relevant market information.

### **Synonyms**

- Appraisals

## **B**

### Borrower

Person who is the obligor under the Note.

### **Synonyms**

- Borrowers
- Borrower's

## **E**

### Environmental Site Assessment

Report (either a Phase I ESA or a Phase II ESA) identifying whether a Property is subject to Recognized Environmental Conditions or Business Environmental Risks.

### **Synonyms**

- ESA

## **G**

### Guarantor

Key Principal or other Person who executes a Payment Guaranty, a Non-Recourse Guaranty, or any other guaranty in connection with the Mortgage Loan.

### **Synonyms**

- Guarantors





**Guide** Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.

**Synonyms**

- DUS Guide

## **K**

**Key Principal** Person(s) who control and/or manage the Borrower or the Property, are critical to the successful operation and management of the Borrower and the Property, and who may be required to provide a Guaranty.

**Synonyms**

- Key Principals

## **L**

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

**Synonyms**

- Lenders
- Lender's

**Lien** Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

**Synonyms**

- Liens

## **M**



Manufactured Home

Factory-built home located on an MH Site.

**Synonyms**

- Manufactured Homes

Manufactured Housing Community

Residential real estate development with lots on which manufactured homes are located, together with amenities, utility services, landscaping, roads, and other infrastructure.

**Synonyms**

- Manufactured Housing Property
- MH Community
- MH Communities
- MHC

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 Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

**Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## N

Non-Contiguous Parcels

Multiple parcels of land securing a Mortgage Loan that do not share common boundaries or that are separated by dedicated or private streets that are major arterials.

**Synonyms**

- Non-Contiguous Parcel

## O



## Origination Fee

Fee charged by the Lender to the Borrower for underwriting and originating the Mortgage Loan, per Part IV A, Chapter 2: Pricing, Origination Fees, and Prepayment Premium Incentives, Section 202: Required Fees and Lender Compensation.

### **Synonyms**

- Origination Fees

## **P**

### P&I

Principal and interest

### Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's