



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **603.01B** Collateral; Tenant-Occupied 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 tenant-occupied Manufactured Homes must not exceed 35%. If the percentage of tenant-occupied Manufactured Homes is greater than 25%, then:

- the Borrower's business plan must reflect the conversion of tenant-occupied Manufactured Homes to owner-occupied over time; and
- ongoing 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 by an Affiliate of either the Borrower or a Key Principal, then:

- The MH Site 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.



# 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's

### 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

## B



Borrower

Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

## K

Key Principal

Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

**Synonyms**

- Key Principals
- Key Principal's

## M

Manufactured Home

Factory-built home complying with the Manufactured Home HUD Code.

**Synonyms**

- Manufactured Homes

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

## P

P&I

Principal and interest



## Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's