



Multifamily Selling and Servicing Guide

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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.



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

B

Borrower

Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's



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

M

Manufactured Home Factory-built home located on an MH Site.

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

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