



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 603.04 Flood Zone

### 603.04A Rising Water

#### Requirements

For an MH Community located in a flood zone with rising water (e.g., flood water that quickly dissipates and flood zone A or AE) you must ensure the Borrower notifies all Homeowners and all tenants of Borrower-owned or Affiliate-Owned Homes occupying an MH Site located in the flood zone before the Mortgage Loan Origination Date.

#### For Manufactured Homes located in a rising water flood zone...

If you

- do not know the base flood elevation for the flood zone (e.g., flood zone A), or
- know that the living floor levels are below the base flood elevation

Then:

- you must calculate the Underwritten DSCR excluding the site rent for Manufactured Homes with living floor levels within the flood zone; and
- if the resulting Underwritten DSCR decreases to more than 10 basis points below the minimum Tier 2 standard, you cannot underwrite the site rent for those Manufactured Homes.

### 603.04B Moving Water

#### Requirements

For an MH Community located in a flood zone with the potential for flooding due to moving water (e.g., typically in flood zone A and AE and located next to a stream, river, etc.), you must ensure:

- your underwriting assumes that MH Sites located in the flood zone are considered non-income producing MH Sites; and
- the Borrower notifies all Homeowners and all tenants of Borrower-owned or Affiliate-Owned Homes occupying an MH Site located in the flood zone before the Mortgage Loan Origination Date.



## 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

### B

#### Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's

### M

#### Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

#### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date