



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 603.05 Lease Terms

### 603.05A Master Leases

#### Requirements

You must ensure there are no master lease arrangements affecting any of the MH Sites.

### 603.05B MH Site Leases

#### Requirements

MH Site Leases must

- be in writing, and
- not contain an option to purchase the MH Site.

The Borrower must agree to implement the Tenant Site Lease Protections for all MH Sites by the end of the first loan year.

#### Operating Procedures

The Tenant Site Lease Protections may be incorporated

- by amending each MH Site Lease; or
- within the MH Community's rules and regulations, if the MH Site Lease incorporates the rules and regulations by reference.

The Multifamily Loan Agreement must include a:

- covenant to implement the Tenant Site Lease Protections by the end of the first loan year;
- requirement that, if the Tenant Site Lease Protections were implemented within the MH Community's rules and regulations:
  - the rules and regulations are publicly posted; and
  - each lessee of an MH Site Lease receives written notice of the Tenant Site Lease Protections; and
- Borrower:
  - representation stating the percentage of MH Site Leases with the Tenant Site Lease Protections;



- covenant to continue the Tenant Site Lease Protections over the entire Mortgage Loan term; and
- requirement to annually submit to you a:
  - certified copy of the MH Community's current Rules and Regulations;
  - 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;
  - certified copy of the current form of Residential Leases for MH Sites;
  - copy of any requested MH Site Leases; and
  - certification of the percentage of MH Site Leases with the Tenant Site Lease Protections.

### Guidance

You may allow

- month-to-month lease terms,
- lease terms for up to 2 years, and
- lease terms longer than 2 years, but only if the lease provides for:
  - an annual rent increase sufficient to cover the current and/or projected Consumer Price Index (CPI);
  - the pass-through of real estate taxes over a base year;
  - the pass-through of any utilities provided by the Borrower; and
  - cannot result in the Manufactured Home on the MH Site being titled as real estate.

## **603.05C** Loan Document Modification

### Requirements

You must modify the Loan Documents to reflect the use of short-term or long-term leases.



# Glossary

## B

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

**Synonyms**

- Borrowers
- Borrower's

## I

**Index** Basis for determining the Gross Note Rate of an ARM Loan, including any required alternative index that may be determined necessary by Fannie Mae because the Index is no longer widely accepted or has been replaced as the index for similar financial instruments.

## 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

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

**Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## 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

## Multifamily Loan Agreement

Agreement evidencing Mortgage Loan terms using

- [Form 6001 series](#) Loan Documents, or
- another Fannie Mae-approved form.

### **Synonyms**

- Multifamily Loan Agreements

## 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.