



Multifamily Selling and Servicing Guide

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603.05B MH Site Leases

Requirements

Leases must be in writing and must not contain an option to purchase the MH Site.

Guidance

You may reimburse the Borrower from the Origination Fee for up to a combined total of \$10,000 for the cost of any required third-party reports if the Borrower implements all of the following tenant MH Site Lease protections for at least 50% of the MH Sites:

- 1-year renewable MH Site Lease term, unless there is good cause for nonrenewal;
- minimum 30-day written notice of rent increases;
- 5-day grace period for rent payments, and tenant's right to cure defaults for nonpayment of MH Site Lease rent; and
- tenant's right to:
 - sell the Manufactured Home without first relocating it out of the community;
 - sublease the Manufactured Home or assign the MH Site Lease to a buyer, as long as the buyer meets the minimum MH Community rules, regulations, and credit quality for financing consistent in the market;
 - post "for sale" signs on the Manufactured Home that comply with the MH Community Rules and Regulations;
 - sell the Manufactured Home in place within 45 days after eviction; and
 - receive notice at least 60 days before any planned sale or closure of the MH Community.

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;
- include in the Multifamily Loan Agreement:
 - a Borrower representation stating the actual percentage of MH Site Leases that incorporate the required tenant protections, and a covenant to continue the tenant protections over the entire Mortgage Loan term; and
 - a Borrower requirement to annually submit to you:
 - a certified copy of the MH Community's current Rules and Regulations;
 - a certified copy of the current form of Residential Leases for MH Sites;
 - copies of any actual Residential Leases for MH Sites you request; and
 - a certification of the actual percentage of MH Site Leases that include all of the required tenant protections; and
 - receive a Guaranty (Payment) ([Form 6020 series](#)) from the Key Principal, guarantying the repayment (not to exceed 10% of the Mortgage Loan amount) of all pricing incentives, rebates, and fees you provided if the Borrower fails to maintain the specified percentage of MH Site Leases with all of the required tenant 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.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

G

Guaranty Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.

I

Index Basis for determining the Gross Note Rate of an ARM Loan.

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

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



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

Synonyms

- Lenders
- Lender's

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

Mortgage Loan Origination Date Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

Multifamily Loan Agreement Agreement evidencing the terms of a Mortgage Loan using the [Form 6001 series](#) Loan Documents or another form approved by Fannie Mae.

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

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