

# Multifamily Seller/Servicer Guide

## Chapter 22

### Originating a Mortgage under the Multifamily Manufactured Housing Community Project

#### 22.1 Overview (05/01/14)

##### a. The Multifamily Manufactured Housing Community Product (06/27/19)

Under the Multifamily Manufactured Housing Community Product (MHC), Freddie Mac purchases Mortgages secured by Manufactured Housing Communities from Optigo Lenders using the requirements of this chapter and one of the following Freddie Mac Mortgage purchase programs or products:

- Multifamily Conventional Cash Mortgage Purchase Program, Chapter 17
- Multifamily Supplemental Mortgage Product, Chapter 20

Chapter 32 contains the requirements for final delivery of Mortgages to Freddie Mac and applies to each MHC Mortgage, except as noted in this Chapter.

All Mortgages submitted for purchase under the MHC Product must comply with the requirements of all other applicable chapters of the Guide, including Chapters 8, 9, 10, 40, 60, 61, 62, 64 and 55.

Freddie Mac will consider purchasing Mortgages secured by Manufactured Housing Resident-Owned Communities (MHROCs), subject to the applicable requirements set forth in this Chapter 22, and certain additional requirements as determined by Freddie Mac. For additional information, contact the *Applicable Freddie Mac Multifamily Regional Office* that serves the region where the Property is located.

Freddie Mac offers special incentives to Borrowers that agree to incorporate all MHC Tenant Protections in leases for Home Sites with tenants that own Manufactured Homes at the Property. For more information refer to Sections 22.2(p), 55.2, and 40.16.

Freddie Mac reserves the right to apply additional or more stringent requirements to any transaction.

##### b. Definitions (06/27/19)

As used in this Chapter, these terms are defined as follows:

#### 1. Manufactured Home

A manufactured home that is located in a Manufactured Housing Community.

#### 2. Borrower-Owned Home

A Manufactured Home that is owned by the Borrower and not by residents of the Manufactured Housing Community, Affiliates of the Borrower or other third parties.

### **3. Down Home Site**

A Home Site that cannot be made ready for the installation of a Manufactured Home with routine maintenance and repairs.

### **4. Home Site**

A rental site or lot contained within a Manufactured Housing Community where a Manufactured Home is permitted to be located and/or installed. A Home Site, also referred to as a “pad site,” will frequently include a concrete or other stable surface upon which a Manufactured Home may be placed, with hook-ups for connection to utilities available in the Manufactured Housing Community.

### **5. Manufactured Housing Community (MHC)**

A residential real estate development that includes Home Sites for Manufactured Homes, related amenities, recreational facilities, utility services, landscaping, roads and other infrastructure, and Borrower-Owned Homes.

### **6. Manufactured Housing Resident-Owned Community (MHROC)**

An MHC that is owned by a cooperative housing association or corporation. Each owner of a Manufactured Home owns stock in the cooperative entitling such owner to occupy a specific Home Site, subject to a proprietary lease between the owner of the Manufactured Home and the cooperative. Home Sites occupied by renters, who do not own shares in the cooperative, are subject to standard rental leases with the cooperative. Mortgages on MHROCs are eligible for purchase subject to the requirements set forth in Section 9.5.

### **7. MHC Mortgage**

A Mortgage that is secured by a Manufactured Housing Community.

### **8. MHC Tenant Protections**

MHC Tenant Protections include the following:

1. One-year renewable lease term unless there is good cause for non-renewal
2. 30-days' prior written notice of any increase in rent
3. 5-day grace period for the failure to timely pay rent and the right to cure defaults in the payment of rent
4. Right to sell the manufactured home, to a buyer that qualifies as a new tenant in the MHC, without having to first relocate it out of the MHC

5. Right to sell the manufactured home in its existing location within 30 days after eviction by the MHC owner
6. Right to sublease or assign the Home Site lease for the unexpired term to the new buyer of the tenant's Manufactured Home without any unreasonable restraint, as long as the new resident qualifies as a new tenant within the MHC
7. Right to post "For Sale" signs that advertise the sale of the Manufactured Home, provided, that, such signs comply with MHC rules and regulations
8. Right to receive at least 60 days' notice of any planned sale or closure of the MHC

If any of the foregoing requirements violate applicable law, then such requirement(s) will be deemed automatically void and of no force or effect. The invalidity or unenforceability of such requirement(s) will not affect the validity or enforceability of any other provision of the Home Site lease, and all other provisions will remain in full force and effect.

## 22.2 Mortgage eligibility and Property requirements (06/29/18)

To be eligible for purchase by Freddie Mac under the MHC Product, an MHC Mortgage and the Property secured thereby must meet the requirements set forth in this Section.

Freddie Mac will consider purchasing Mortgages secured by Manufactured Housing Resident-Owned Communities, subject to the applicable requirements set forth in this Chapter 22, and certain additional requirements as determined by Freddie Mac. For additional information, contact the *Applicable Freddie Mac Multifamily Regional Office* that serves the region where the Property is located.

### a. Eligible Properties (07/01/14)

The Property must comply with the following:

- The MHC must be located in an area evidencing acceptance of MHC housing
- The MHC must be well-maintained, exhibit above-average condition and contain at least the following amenities:
  - Monument signage
  - A separate, on-site management and leasing office
  - All roads must be paved and have no dead-end or one-way streets (cul-de-sacs are acceptable).
- The occupancy history of the MHC should display a turnover rate that is appropriate to the local market illustrating that the MHC is viable and that there is appropriate demand for manufactured housing.
- Initial lease terms should be a minimum of 12 months

- All commercial space located within the MHC must be compatible with the residential nature of the MHC.

**b. Ineligible Properties (06/29/17)**

An MHC Mortgage is not eligible for purchase by Freddie Mac if any one of the following conditions apply:

- The Property is the subject of a condominium regime and the Borrower does not own all of the residential condominium units (including any Home Sites) contained within such condominium
- The Property is determined by Freddie Mac to be a recreational vehicle campground
- The Property is subject to any leases with options to purchase Home Sites or Borrower-Owned Homes
- The Borrower is engaged in retail sales or financing of Manufactured Homes, including any rent-to-own programs
- The Borrower, Affiliates of the Borrower and any third-party investors own, in the aggregate, more than 25 percent of the Manufactured Homes within the MHC.

**c. Ineligible Programs and Products (07/01/14)**

An MHC Mortgage originated under any of the following Programs or Products is not eligible for purchase by Freddie Mac:

- Multifamily Seniors Housing Product
- Targeted Affordable Housing Cash Mortgage (including those originated under a Forward Commitment)
- Targeted Affordable Housing Bond Credit Enhancement Mortgage (including those originated under a Forward Commitment)

**d. Eligible Borrower and Borrower Principal requirements (07/01/14)**

At least one of the Borrower Principals must demonstrate eligibility by meeting the following criteria:

- Having at least two years of prior ownership, operation or management experience of MHCs
- Owning at least one other MHC

**e. Occupancy requirements (06/30/15)**

An MHC must have demonstrated a stabilized occupancy for no fewer than three consecutive months prior to loan closing and as of the Delivery Date. An MHC is considered occupied if it has received all permits and licenses necessary for occupancy by residents and

Manufactured Homes have been placed by residents on the Home Sites contained within the MHC.

Stabilized occupancy is generally defined as an occupancy rate of at least 85 percent of the Home Sites (or such higher level as may be necessary to cover debt service and pay all other expenses at the level required by the applicable purchase program or product) at a rent level that supports the Freddie Mac Underwriting Value of the Property.

**f. Structure type and habitability [replaces Section 8.2(a)] (07/01/14)**

The MHC must contain five or more Home Sites and must be designed, in whole or in part, for residential use. Construction of the MHC, including subsurface utilities and off-site improvements, must be completed as of the Delivery Date. If improvements cannot be completed for valid reasons, such as inclement weather, an adequate Reserve for the incomplete items must be established. Reserves must also be established for any repairs, improvements, alterations, conditions or construction required by the appraiser, engineer and/or Freddie Mac. A satisfactory completion certificate, accompanied by color photographs, must be submitted to Freddie Mac. The MHC must be served by public water and sanitary sewer systems or private wells and waste treatment systems that meet the requirements set forth in this Chapter of the Guide.

**g. Manufactured Home and Home Site requirements (07/01/14)**

All Manufactured Homes located in the MHC must:

- Comply with the requirements of the Federal Manufactured Home Construction and Safety Standards of 1974 (42 USC chap. 70; 24 CFR Part 3280), as amended, and all other applicable State and local requirements,
- Be supported by concrete block, concrete piers or steel piers, and
- Be well-maintained, professionally skirted, and have 100 percent of hitches/jackposts completely concealed.

Generally, all Home Sites should have:

- Concrete patios or professionally built and installed porches with entry into the Manufactured Home, and
- At least one concrete or asphalt off-street parking space adjoining the Manufactured Home.

The Borrower must certify that all Manufactured Homes have been installed in accordance with all applicable federal, State and local zoning and building codes.

**h. Insurance (07/01/14)**

Each MHC must meet the insurance requirements in Chapter 31 including Section 31.28 which outlines insurance requirements specific to MHC Properties.

**i. Replacement Reserves for MHCs (07/01/14)**

In addition to the requirements set forth in Section 62.6(d) of the Guide, for each MHC Mortgage the Replacement Reserve Amount for the Property must be at least:

- \$50/Home Site/year, and
- \$250/Manufactured Home/year, for each Borrower-Owned Home that is included in the collateral for the MHC Mortgage

Freddie Mac will review the property condition consultant's assessment and determine the actual Replacement Reserve amount.

**j. Property management (06/30/15)**

In addition to the requirements of Section 8.13 of the Guide, the Property should have daily, on-site property management. If daily, on-site property management cannot be provided, then the Property must be professionally managed by a property management company that is experienced in the management of Manufactured Housing Communities and is otherwise acceptable to Freddie Mac.

**k. Subordinate Financing (07/01/14)**

In general, Freddie Mac will not purchase an MHC Mortgage with Subordinate Financing other than a supplemental Mortgage purchased under the Freddie Mac Multifamily Supplemental Mortgage Product.

**l. Special Flood Hazard Area (06/30/15)**

Freddie Mac will purchase a Mortgage secured by a Manufactured Housing Community located in Special Flood Hazard Area subject to the insurance requirements in Chapter 31, including Section 31.28. In addition, if any Manufactured Homes on the Property are located in a Special Flood Hazard Area, the Seller must deliver to Freddie Mac, in the Final Delivery Package, a certification by Borrower that all residents or tenants of such Manufactured Homes have been notified that their Manufactured Homes are located in a Special Flood Hazard Area.

**m. Wood-damaging insect inspection report (12/15/16)**

The wood-damaging insect inspection requirements in Section 8.2(e) may be waived if the following conditions are satisfied

- In the property condition report, the property condition consultant comments that no obvious evidence of wood-damaging insects (e.g., termites, powderpost beetles, and carpenter ants, etc.) and/or deterioration damage was observed or reported, subject to the requirements in Section 62.5(e).
- All structures included in the collateral for the Mortgage are non-residential.



**n. Moisture Management Plan (06/30/15)**

The Moisture Management Plan requirements in Section 8.3(a) may be waived if the following conditions are satisfied:

- In the property condition report, the property condition consultant comments that no obvious evidence of moisture damage was observed or reported, subject to the requirements in Section 62.5(d).
- All structures included in the collateral for the Mortgage are non-residential.

**o. Asbestos-containing material (ACM) – testing requirements (06/30/15)**

The ACM—environmental assessment protocol described in Section 61.6(b) may be waived if the following conditions are satisfied:

1. Friable ACM is located only in communal buildings such as the leasing office, clubhouse, etc.
2. Friable ACM is not easily accessible.
3. Friable ACM is clearly and sufficiently encapsulated.
4. Friable ACM is in undamaged condition.

**p. MHC Tenant Protections (06/27/19)**

Borrowers who commit to including the MHC Tenant Protections, outlined in Section 22.1(b)(8) above, in their homeowner leases are eligible for incentives.

A Borrower that elects to implement the MHC Tenant Protections must incorporate all eight of those MHC Tenant Protections in all homeowner leases no later than 12 months from origination. All existing and future homeowner leases must contain all eight of the MHC Tenant Protections and remain in effect throughout the term of the loan.

As part of the incentives, Borrowers are eligible to receive a rebate of up to \$10,000 for Third-Party Reports.

The entry for MHC Tenant Protections in Section 55.2 contains the underwriting documentation and Section 40.16 contains the additional Servicing requirements necessary for these Mortgages.

For additional information regarding these incentives, contact the *Applicable Freddie Mac Multifamily Regional Office* that serves the region where the Property is located.

**22.3 Fixed-rate Mortgage requirements (05/05/17)**

A fixed-rate Mortgage submitted under the MHC Product must meet the requirements of Section 17.2, unless specifically noted in this Section.

**a. Eligible Mortgages; principal amount [replaces Section 17.2(b)] (05/05/17)**

MHC Mortgages for the purpose of the refinancing or acquisition of the Property are eligible for purchase. Freddie Mac may also consider purchasing MHC Mortgages that include moderate rehabilitation of the Property, subject to additional conditions. The principal amount of any MHC Mortgage may not be less than \$1 million.

**b. Term (06/29/17)**

See Section 17.2(c).

**c. Maximum amortization period (07/01/14)**

The maximum amortization period is 30 years.

**22.4 Floating rate Mortgage requirements (05/05/17)**

A Floating rate Mortgage submitted under the MHC Product must meet the requirements of Section 17.2, as modified by Section 17.3, except that the principal amount of any MHC Mortgage may not be less than \$1 million.

**22.5 Appraiser and Appraisal requirements (07/01/14)**

In addition to meeting the requirements of Chapter 60 of the Guide, the appraiser and any Appraisal for a Property financed through Freddie Mac's MHC Product must meet the requirements in the remainder of this Section.

**a. Appraiser qualifications (07/01/14)**

In addition to meeting the requirements of Section 60.4, each appraiser performing Appraisals of MHCs must be experienced in, and actively and regularly engaged in, appraising MHCs with the complexity and characteristics similar to those of the Property. Relevant experience includes having previously appraised at least five MHCs within the last three years. This experience must be demonstrated by the qualifications statement provided by the appraiser in the addendum to the Appraisal.

The appraiser must also be knowledgeable about current real estate market conditions and financing trends for all of the types of MHCs, including any age-restricted MHCs, and be knowledgeable about such market conditions and trends in the geographic market area where the Property is located.

**b. Appraisal report requirements (07/01/14)**

The following requirements apply to each Appraisal for an MHC, in addition to the Appraisal requirements set forth in Chapter 60.

**1. Rental and sale comparable MHC (07/01/14)**

Freddie Mac requires the use of comparable properties developed or leased for MHCs. If



comparable MHCs are not available in the local market, the appraiser may use comparable regional MHCs. If regional comparable MHCs are not available, national comparable MHCs in similar markets can be used. Appropriate adjustments for comparable MHCs should be made due to location.

Rental and sale comparable properties should be similarly classified to the Property (e.g., whether such MHC is age-restricted). If such comparable MHCs are not available, the appraiser must discuss the adjustments necessary to correlate the comparable MHC values with the Property's value.

## **2. Seasonality and pre-paid rents (07/01/14)**

In addition to the requirements of Section 60.17(d), the appraiser must review and understand how management's Rent collection policies and procedures accommodate seasonal fluctuations in operating income. If any of the residents at the MHC pay rent more than 30 days in advance of their respective due dates, the appraiser must discuss this trend in their analysis and explain the impact to their valuation.

## **3. Separate valuations for realty and non-realty (07/01/14)**

The Appraisal must clearly and prominently report the total market value of the Property as well as an allocation for contributory business value, personal property and/or other non-real estate items (e.g., going concern value, revenue from snack bars, restaurants, water parks, golf courses or related membership payments). The appraiser will clearly, adequately and comprehensively discuss the value segregation process and provide market-derived data for the value allocations, including, where applicable, surveys of market participants, comparable sales data and authoritative sources for the appraiser's allocation methodology.

## **4. Affordability analysis (06/30/15)**

The Appraisal must include an evaluation of and report on alternative housing options to determine the affordability of owning a Manufactured Home at the Property. These housing options are evaluated to estimate the competitive position of the Property in the housing market. The evaluation in the Appraisal must include a comparison of the cost of owning a Manufactured Home at the Property, purchasing a single-family home in the region and renting an apartment in the region.

## **22.6 Property condition and environmental reports (07/01/14)**

In addition to meeting the requirements of Chapters 61 and 62 with respect to environmental and property condition reports, the following requirements apply to all Mortgages secured by MHC Properties. In the event of a conflict between the requirements of Chapters 61 or 62 and the requirements of this Section, the requirements of this Section will apply.

### **a. Property condition consultant qualifications and requirements (07/01/14)**

In addition to the requirements set forth in Section 62.8(b) of the Guide, a property condition consultant must have two or more years of experience preparing property condition reports and performing inspections of MHCs.

**b. Property description and evaluation (06/29/17)**

In its review of the physical condition of the MHC, the property condition consultant must perform the following:

**1. Private wells**

- Inspect all visible components and describe the system, including its historical operations and adequacy
- Verify that access to equipment is restricted to authorized personnel
- Provide costs for connecting to the municipal water system if one is readily available
- Identify any backup water source in the event the system becomes unusable – if no source is in place, provide recommendations and costs for providing one
- Confirm historical operations of the system, including any violations
- Identify reserves needed to maintain the system
- Confirm that private wells are common to the market
- Confirm that the Borrower is the only party using or authorized to use the private wells servicing the MHC (i.e., no third-party has the right to tie-in to the Borrower's private wells and the Borrower's license or authorization to operate the private wells is not conditioned on providing private well services to another property).
- Confirm professional third-party maintenance
- Confirm that private wells meet or exceed applicable federal, state, and local requirements
- Confirm that wells are neither owned nor maintained by residents

**2. Waste treatment system**

- Inspect all visible components and describe the system, including its historical performance and adequacy
- Verify that access to the system is restricted to authorized personnel
- Provide costs necessary to link into the municipal waste system if one is readily available
- Describe the leach field and distance to surrounding bodies of water that could be impacted by the effluent

- Confirm historical operations of the system, including any violations
- Identify reserves needed to maintain the system and leach field
- Confirm that no buildings or structures are located on top of the leach field
- Confirm that private waste treatment systems are common to the market
- Confirm that the Borrower is the only party using or authorized to use the private waste treatment system or private waste system network servicing the MHC (i.e., no third-party has the right to tie-in to the Borrower's private waste treatment system and the Borrower's license or authorization to operate the private waste treatment system is not conditioned on providing private waste treatment services to another property).
- Confirm professional third-party maintenance
- Confirm that the waste treatment system meets or exceeds applicable federal, state, and local requirements
- Confirm that waste treatment systems are neither owned nor maintained by residents

### **3. HUD labels**

Confirm that all Manufactured Homes conform to the requirements of the federal Manufactured Home Construction and Safety Standards of 1974 (42 USC chap. 70; 24 CFR Part 3280), as amended

### **4. Flood zone**

Determine if the MHC is located in a flood zone.

### **5. Pad sites**

- Describe pad sites, including lot size
- Describe utilities provided to the pad sites
- Provide lot size mix based upon the maximum size each pad site can accommodate (single-wide, double-wide, etc.). Additionally, confirm with management if smaller Manufactured Homes are allowed on pad sites intended for larger Manufactured Homes and if pad sites intended for smaller Manufactured Homes (e.g., single-wide) are allowed to be combined to accommodate larger Manufactured Homes (e.g., double-wide).
- Inspect and comment on all vacant and down pad sites, detailing the condition of the pad site, utility connections and landscaping.

### **6. Decks and patios**

Confirm that decks and patios are professionally-built, sound and provide adequate access to all Manufactured Homes.

**7. Manufactured Home installation**

Confirm that the installation of the Manufactured Homes is in compliance with all zoning and building codes, and perform a check on 10 percent of the Manufactured Homes (up to a maximum of 20 Manufactured Homes) to verify compliance.

**8. Skirting and hitches**

Confirm that all Manufactured Homes are professionally skirted (specify materials) and identify if there are any exposed hitches.

**9. Inspection of Borrower-Owned Homes and buildings**

- Follow Guide requirements for inspection of Borrower-owned buildings (clubhouse, laundry, etc.)
- Inspect 10 percent of Borrower-Owned Homes with a minimum of two
- Inspect all vacant and down Borrower-Owned Homes
- If Manufactured Homes are vacant but are not part of the collateral, then the exteriors of such Manufactured Homes must be inspected.

**10. Tenant-owned ancillary structures**

Confirm that tenant-owned ancillary structures (e.g., sheds, playhouses, etc.) are allowed on the pad sites. Describe any deficiencies that could have a detrimental effect on other Manufactured Homes or the MHC as a whole (such as curb appeal).

**11. General site maintenance**

Confirm that all site components (street paving, curbing, mailboxes, site lighting, landscaping, drainage, etc.) are well maintained.

**12. Properties located in an Elevated Seismic Hazard Region**

Confirm that all Borrower-Owned Homes that are inspected meet all local seismic codes and requirements.

**13. Electrical capacity**

A Manufactured Housing Community with electrical power under 60 amperes is permitted, provided that the property condition consultant confirms electrical power meets the minimum requirement of all State and local building codes. If the electrical power is below the requirements of any State or local building codes, the property

condition consultant must:

- Confirm the current power level is sufficient for the Manufactured Housing Community
- Recommend corrective measures as outlined in Section 62.5(c)

## **22.7 Seismic Risk Assessment requirements for Manufactured Housing Communities (06/29/17)**

In addition to meeting the requirements of Chapter 64 with respect to seismic risk assessments, the following requirements apply to all Mortgages secured by MHC Properties. In the event of a conflict between the requirements of Chapter 64 and the requirements of Sections 22.7(a)- (c), the requirements of these Sections will apply.

### **a. Seismic risk factors for Manufactured Housing Communities [replaces Section 64.2(c)] (06/29/17)**

If the Manufactured Housing Community is in an Elevated Seismic Hazard Region as defined in Section 64.2(b), and the Property has permanent residential structures, the Seller/Servicer must evaluate the permanent residential structures for the following seismic risk factors:

- Residential units located above ground floor, commercial space, retail space, or tuck-under parking, and the permanent residential structure has either a construction date prior to 1980 as reported in the assessor's record, or a certificate of occupancy issued prior to 1980
- Any wood-framed building built prior to 1950
- Any unreinforced masonry construction, regardless of retrofit
- Any Property was required to undergo a seismic retrofit by any local or State authority

If any one of the risk factors listed above are present at the Property, or if the Seller/Servicer cannot conclusively determine that none of the risk factors are present at the Property, a Level 1 SRA is required.

### **b. Specific Seller/Servicer duties and responsibilities [replaces Section 64.3] (06/29/16)**

The Seller/Servicer's responsibilities are to

- Retain and direct the seismic risk consultant when a Level 1 SRA is required

The Seller/Servicer must review and verify the seismic risk consultant's credentials, licensing, certifications, memberships and affiliations. For new seismic risk consultants, the Seller must check at least three references from lenders who have retained or employed the seismic risk consultant to sufficiently evaluate the seismic risk consultant's capabilities and performance. The Seller must maintain a separate seismic risk consultant file for Freddie Mac's use that includes the Seller's ongoing evaluations of each seismic risk consultant's performance, as well as the seismic risk consultant's

current resume, required references and current certificate(s) of liability insurance in accordance with the requirements of Section 11.5.

The Borrower must not retain or direct the seismic risk consultant, but the Borrower may be responsible for paying the costs of all SRA services.

- Provide information identified in Section 64.6
- Obtain a Level 1 SRA for the Property, when required, and review the SRA to
  - Ensure that it complies with Freddie Mac’s requirements
  - Verify that conclusive recommendations are provided for all identified issues
- Disclose to Freddie Mac any seismic risks identified in the SRA as well as any insurance required by Section 64.14

**c. Level 0 SRA requirements [replaces Section 64.4] (06/29/16)**

A Level 0 SRA is not required for any MHC Property.

**22.8 Seller property inspections [replaces Section 8.15] (07/01/14)**

The Seller must inspect the Property and submit the required property inspection documentation. An inspector who is familiar with evaluating multifamily asset quality must review the age, condition and quality of all major asset components. A third-party contractor may not perform the inspection.

**a. Preliminary property inspection requirements (07/01/14)**

Prior to early-rate lock, the Seller must:

- Interview the property manager or other management company staff,
- Walk the Property, and
- Inspect an appropriate sample of Home Sites and Borrower-Owned Homes based on the Seller’s discretion and expertise, the condition of the Property, and any identified issues or other factors.

Prior to early rate-lock, the Seller must complete and document these inspection requirements as part of the mortgage transaction narrative analysis or on the MHC Property Inspection and Lease Audit form, available on FreddieMac.com.

**b. Complete property inspection (07/01/14)**

At full underwriting, in addition to conducting the inspection requirements specified in 22.8(a) above, the Seller must:

**1. Conduct a complete property inspection**



The Seller must conduct a complete property inspection including, but not limited to the following:

- Conduct a Home Site and Borrower-Owned Home inspection, to include:
  - Inspection of five percent of Home Sites, excluding Down Home Sites with no fewer than five Home Sites and no more than 20 Home Sites, including a representative sample of all Home Sites
  - Inspection of ten percent of Borrower-Owned Homes, excluding Down Units, with a minimum of two
  - Inspection of all Down and vacant Borrower-Owned Homes
  - Inspection of all Down Home Sites
  - Inspection of all non-revenue Borrower-Owned Homes
  - Inspection of all commercial spaces
- Interview the property manager to discuss Home Sites, Borrower-Owned Homes and property amenities, concessions, tenant mix, marketing efforts, turnover, current competition, and any new supply that will compete with the Property
- Inspect each building, including exteriors and all common spaces. Roof access should be gained if not clearly visible from the ground (flat roofs)
- Inspect amenities available to tenants at the Property
- Walk the Property and look for deferred maintenance and any easily recognizable need for environmental remediation
- Inspect the building's heating, ventilation and air conditioning (HVAC) and other systems
- Drive by the rental comparables identified for purposes of the preliminary site visit and identify any new rental comparables in the market
- Determine the Property's compatibility with the neighborhood and assess the Property's competitiveness in its submarket
- Take photographs of rental comparables
- If requested by Freddie Mac, inspect any other multifamily properties that are owned by the Borrower and/or Borrower Principal and are located in the Property's submarket.

If Freddie Mac delegates any inspection requirement to the Seller, the Seller may not further delegate the inspection requirement.

## 2. Document the complete property inspection

At full underwriting the Seller must submit the following property inspection documentation:

- Photographs representative of the Property
- Current rent roll from the property manager that was used to prepare the property inspection
- Completed MHC Property Inspection and Lease Audit form to reflect the following:
  - A lease audit of five percent of Home Sites, with no fewer than five Home Sites and no more than 20 Home Sites
  - A lease audit of all Borrower-Owned Homes, with a maximum of five Borrower-Owned Homes
  - Documentation of complete property inspection in accordance with this Section
  - If Freddie Mac delegates the property inspection to the Seller, acknowledgement that the inspection is a delegated inspection

## 3. Timing of property inspections

- When submitted as part of the preliminary underwriting package:

The inspection requirements of Section 22.7(a) must have been completed within 120 days of Freddie Mac's receipt of the preliminary underwriting package.

- When submitted as part of the full underwriting package:

The inspection requirements of Sections 22.7(a) and 22.7(b) must have been completed within 120 days of Freddie Mac's receipt of the full underwriting package.

### 22.9 Delivery requirements (07/01/14)

Instructions for preparing and delivering the underwriting packages and remitting any required fees to Freddie Mac are found in Chapter 55, Documentation and Deliveries. Chapter 55 also contains a complete description of Freddie Mac's requirements for each document in an underwriting package, including a description of the required content and whether the document must be certified.

The Final Delivery Package must meet the requirements of Chapter 32, and the applicable Final Delivery Table of Contents and the Final Delivery Instructions, found on FreddieMac.com.

## 22.10 Additional title and survey requirements

### a. **Manufactured Housing Unit Endorsement (03/03/17)**

See Section 29.1(g).

### b. **Additional survey requirements (03/03/17)**

See Section 29.5(e).

### c. **Additional search requirements for MHC Mortgages (03/03/17)**

See Section 29.4(f).

## 22.11 Seller/Servicer approval (06/27/19)

Subject to Freddie Mac approval, an Optigo Lender may originate MHC Mortgages for sale to Freddie Mac, and service those Mortgages.

## 22.12 General Servicing policy for MHC Mortgages (06/27/19)

Unless otherwise stated, the Servicing of each MHC Mortgage must meet the requirements of Chapters 36 through 43.

MHC Mortgages with MHC Tenant Protections will have additional reporting requirements during the Mortgage term. See Chapter 40.

A Servicer's obligation to maintain the continuity of Freddie Mac's perfected security interest in personal property relating to the Property includes the filing of UCC continuation statements as described in Section 43.5(a) as well as other necessary actions required under applicable law if the security interest in such personal property cannot be perfected with the filing of a UCC financing statement.

## 22.13 General warranties by Seller Servicer (07/01/14)

### a. **Rent schedule [replaces Section 5.2(a)] (07/01/14)**

The rent schedule submitted to Freddie Mac

- Contains no errors of which the Seller has knowledge, and
- Accurately states both the gross potential rents and the actual leased rents for the Home Sites and any Borrower-Owned Homes for the Property within a tolerance range of 7.5 percent

### b. **Additional sale documents (07/01/14)**

To the extent that a security interest in any Borrower-Owned Home cannot be perfected upon the filing of a Financing Statement or the Mortgage, and Freddie Mac requires such a perfected security interest be delivered in connection with the Mortgage, then all necessary

actions required under applicable law (including the amendment of and taking possession of any certificate of title, or the filing of appropriate documentation) have been taken as necessary to establish Freddie Mac as the holder of a perfected security interest in any Borrower-Owned Home.

#### **22.14 Additional documents required for the underwriting package (02/28/20)**

In addition to submitting the completed Legal Issues Analysis form , the Seller/Servicer or Seller/Servicer’s legal counsel must submit, in the applicable underwriting package, with copies to the *Multifamily Attorney*, completed copies of the following documents, the forms of which are available on FreddieMac.com:

- If the Property is an MHROC, the Manufactured Housing Resident-Owned Community Analysis.