

Multifamily Seller/Servicer Guide

Chapter 22

Originating a Mortgage under the Multifamily Manufactured Housing Community Project



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22.1 Overview (12/14/23)

a. The Multifamily Manufactured Housing Community Product (12/14/23)

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.

Except as otherwise specified by this chapter, the provisions of Chapter 27 shall apply.

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, 55, 60, 61, 62 and 64.

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.

MHC Mortgages with MHC Tenant Protections, including all MHC Mortgages quoted on or after September 1, 2021 (unless MHROC, government-owned, or non-profit owned), are required to incorporate all MHC Tenant Protections in written agreements with Applicable MHC Residents. For more information refer to Sections 22.2(p), 40.16 and 55.2.

Freddie Mac, in its sole discretion, sets credit parameters for any transaction based on its underwriting criteria at the time of such request.

b. Definitions (04/14/22)

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

1. Applicable MHC Resident(s)

- MH Home Owners; and
- If the Mortgage has a Loan Agreement with a “Rider to Multifamily Loan and Security Agreement – Manufactured Housing Community – MHC Tenant Protections” having a revision date on or after 4/25/2022, all other renters of a Manufactured Home in the MHC

For purposes of clarification, the following are not “Applicable MHC Residents”: (1) owners of a recreational vehicle (including a park model home) located in the MHC, (2)

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renters in a building located in the MHC, and (3) renters of a recreational vehicle (including a park model home) located in the MHC.

2. Manufactured Home

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

3. 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.

4. Down Home Site

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

5. 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.

6. 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.

7. 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.

8. MH Home Owner

A residential tenant of the Property who:

- Owns a Manufactured Home located on the Property; and
- Is not the Borrower, any Affiliate of the Borrower or any third-party investor that rents Manufactured Homes to tenants

9. MHC Mortgage

A Mortgage that is secured by a Manufactured Housing Community.



10. MHC Tenant Protections

a. **For any Mortgages that have a Loan Agreement with a “Rider to Multifamily Loan and Security Agreement – Manufactured Housing Community – MHC Tenant Protections” having a revision date *before* 4/25/2022**, MHC Tenant Protections include the following minimum protections:

1. MH Home Owner is entitled to a one-year renewable lease term unless there is good cause for non-renewal.
2. MH Home Owner must receive at least 30-days’ prior written notice of any increase in rent.
3. MH Home Owner is entitled to a 5-day grace period for the failure to timely pay rent and has the right to cure any default in the payment of rent.
4. MH Home Owner is entitled to sell its Manufactured Home to a buyer that qualifies as a new tenant in the MHC, without having to first relocate such Manufactured Home outside of the MHC.
5. MH Home Owner has the right to sell the Manufactured Home in place within 30 days after eviction by the MHC owner.
6. MH Home Owner has the right to sublease or assign its Home Site lease for the unexpired term, to the new buyer of the MH Home Owner’s manufactured home without any unreasonable restraint, as long as the prospective buyer or sublessee qualifies as a new tenant within the MHC.
7. MH Home Owner has the right to post “For Sale” signs that advertise the sale of its Manufactured Home, provided that such signs comply with the MHC rules and regulations.
8. MH Home Owner has the 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 written agreements containing the MHC Tenant Protections and all other provisions of any such agreement will remain in full force and effect.

b. **For any Mortgages that have a Loan Agreement with a “Rider to Multifamily Loan and Security Agreement – Manufactured Housing Community – MHC Tenant Protections” having a revision date *on or after* 4/25/2022**, MHC Tenant Protections include the following minimum protections:

1. MH Home Owner is entitled to a one-year renewable lease term unless there is good cause for non-renewal. “Good cause” includes: (1) violations of law by MH Home Owner, (2) an existing default in the payment of rent by MH Home



Owner at the time of lease renewal (subject to any applicable grace period and cure rights), and (3) serious or repeated violations of the material terms and conditions of its lease by MH Home Owner.

2. Applicable MHC Resident must receive at least 30-days' prior written notice of any increase in rent.
3. Applicable MHC Resident is entitled to a 5-day grace period for the failure to timely pay rent and has the right to cure any default in the payment of rent within the cure period set forth in its lease, if any. If no cure period for a default in the payment of rent exists in its lease, then Applicable MHC Resident has the right to cure any default in the payment of rent within 10 days after the expiration of the 5-day grace period described above.
4. MH Home Owner is entitled to sell its Manufactured Home to a buyer that qualifies as a new tenant in the MHC, without having to first relocate such Manufactured Home outside of the MHC.
5. MH Home Owner has the right to sell the Manufactured Home in place within 30 days after eviction by the MHC owner, subject to the MHC owner's right to prevent a dangerous condition or any threat or risk of bodily harm to tenants or visitors of the MHC, and provided, further, that, nothing in this section prohibits MHC owner from exercising any other right or remedy available against MH Home Owner under law.
6. MH Home Owner has the right to (a) sublease, and (b) assign the pad site lease for the unexpired term, to the new buyer or sublessee of the MH Home Owner's manufactured home without any unreasonable restraint, so long as the new buyer or sublessee, as applicable, qualifies as a new tenant within the MHC (including satisfying MHC owner's applicable credit and background checks and any requirements in the MHC's rules and regulations).
7. MH Home Owner has the right to post "For Sale" signs that advertise the sale of its Manufactured Home, provided that such signs comply with the MHC rules and regulations.
8. Applicable MHC Resident has the 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 (including if applicable law provides a more favorable protection to the residents of the MHC), 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 written agreements containing the MHC Tenant Protections and all other provisions of any such agreement will remain in full force and effect.

11. MHC Tenant Protections Document(s)

The MHC Tenant Protections Document(s) include:



- Residential leases, including new residential leases or amendments to or restatements of existing residential leases
- MHC rules and regulations that are incorporated by reference into residential leases, and if applicable, the MHC Tenant Protections Notification(s) as described in Section 22.2(p)
- Any other document approved by the lender on or prior to the origination date of the Mortgage

The MHC Tenant Protections Document(s) must comply with applicable law and be valid and enforceable against the Borrower and the Applicable MHC Residents.

22.2 Mortgage eligibility and Property requirements (12/14/23)

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 (12/14/23)

The Property must comply with the following:

- The MHC must be located in an area evidencing acceptance of MHC housing
- The MHC must comply with community rules and regulations and contain at least the following amenities:
 - Monument signage
 - A separate, on-site management and leasing office
 - All roads and parking areas must be paved. There may be no dead-end or one-way streets (cul-de-sacs are acceptable).
 - Landscaping must be maintained consistently throughout the MHC
- 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
- There may be no abandoned Manufactured Homes or structures



- 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 (04/13/23)

At least one of the Key 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.

g. Manufactured Home and Home Site requirements (12/14/23)

All Manufactured Homes located in the MHC must:

- Comply with all applicable State and local requirements,
- Be supported by concrete blocks, concrete piers or steel piers,
- Be professionally skirted and have 100 percent of hitches/jackposts completely concealed, and
- Have exteriors and pad sites that meet community rules and regulations.

Freddie Mac prefers that all Manufactured Homes located in the MHC 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.

Generally, all Home Sites should have:

- Concrete patios or porches with entries into the Manufactured Home that are compliant with code and community rules and regulations
- Access to concrete or asphalt parking provided by at least one of the following:
 - A driveway leading to an off-street parking space adjoining the Manufactured Home
 - A parking lot serving the MHC



- On-street parking so long as traffic flow in the MHC is unimpaired

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), 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, 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 (02/16/23)

The ACM—environmental assessment protocol described in Section 61.10(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 (04/14/22)

Borrowers are required to include all eight of the MHC Tenant Protections (including the conflicts with law provision) outlined in Section 22.1(b)(10) above in written agreements with Applicable MHC Residents within 12 months after the Origination Date of the Mortgage (unless MHROC, government-owned, or non-profit owned).

The MHC Tenant Protections may be incorporated into residential leases, MHC rules and regulations that are incorporated by reference into residential leases, or other agreements approved by the Seller/Servicer and Freddie Mac, so long as the Borrower obtains an executed copy of such agreement from each Applicable MHC Resident. If the Borrower elects to incorporate the MHC Tenant Protections in the MHC rules and regulations, and the Mortgage is originated on or after August 2, 2021, then in lieu of obtaining a written



acknowledgment from each Applicable MHC Resident, the Borrower may deliver to each Applicable MHC Resident a written notification listing the MHC Tenant Protections set forth in the MHC rules and regulations (“the **MHC Tenant Protections Notification**”). The MHC Tenant Protections must apply to all existing and future Applicable MHC Residents and must remain in effect throughout the term of the Mortgage.

The entry for MHC Mortgages 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 requirements, contact the *Applicable Freddie Mac Multifamily Regional Office* that serves the region where the Property is located.

22.3 Fixed-rate Mortgage requirements (06/29/17)

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 (06/17/21)

In addition to meeting the requirements of Chapter 60, 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

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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 (06/17/21)

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 MHCs

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.

When analyzing comparable properties for valuation, the appraiser must declare whether, to the best of its knowledge after due inquiry, non-realty items such as Manufactured Homes, contributory business value, personal property, and/or going concern value, revenue from snack bars, restaurants, water parks, golf courses or related membership payments are included in the sales price.

For both sales and rent comparable properties, the appraiser must also identify and consider the following in the Appraisal:

- The percentage of Homes owned by the MHC owner, an Affiliate of the MHC owner, and investors
- The percentage of recreational vehicles and their rent structure

2. Revenue and expenses

A. Seasonality and pre-paid rents

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, including those from recreational vehicles. 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.

B. Revenue and expense structures



The appraiser must review and understand any planned changes to the revenue and expense structure that will affect income flows, such as rent changes and expense pass-throughs, and incorporate them into its analysis.

If there are Homes owned by the Borrower or an Affiliate of the Borrower, the appraiser should evaluate if the allocation of Home Site rent and Home rent is congruent with the market.

3. Separate valuations for realty and non-realty

The Appraisal must clearly and prominently report the total market value of the Property as well as an allocation for Borrower-owned Manufactured Homes, contributory business value, personal property and/or other non-real estate items.

In an acquisition, the appraiser must duly inquire about the price to be paid for Manufactured Homes owned by the Borrower or an Affiliate, and if the purchase of such Manufactured Homes is a condition of the sale. The responses should be considered in the appraiser's valuation.

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

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 (04/18/24)

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), 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 (04/18/24)

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. Flood zone

Determine if the MHC is located in a flood zone.

4. 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 Home Sites, detailing the condition of the pad site, utility connections and landscaping.

5. Decks and patios

Confirm that decks and patios are compliant with code, sound and provide adequate access to all Manufactured Homes.

6. Manufactured Home installation

Confirm that the installation of the Manufactured Homes is in compliance with all zoning and building codes.

7. Skirting and hitches



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

8. 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.

9. Tenant-owned ancillary structures

Confirm that tenant-owned ancillary structures (e.g., sheds, storage structures, 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 ancillary structures that do not appear to be permanent, or that do not meet community rules and regulations).

10. General site maintenance

Confirm that all site components (street paving, curbing, mailboxes, site lighting, landscaping, drainage, etc.) appear to be consistently maintained.

11. Properties located in an Elevated Seismic Hazard Region

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

12. 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 (although no load calculation is necessary)
- Recommend corrective measures as outlined in Section 22.6(c) or Section 62.5(c), as applicable

The consultant must also:



- Identify previous electrical problems
- Confirm that electrical hookups are in place on all vacant Home Sites

c. Priority Repairs (12/14/23)

In addition to any other repairs that may be identified by the consultant, the following items must be included in Priority Repairs:

- Home Sites with electrical capacity below the minimum requirements of all State and local building codes must be brought to compliant levels
- Install electrical hookups on vacant Home Sites if not in place
- Pave any unpaved roads, driveways, and parking lots
- Remove abandoned Manufactured Homes and structures (if permitted by the Manufactured Home's ownership)
- Repair unmaintained landscaping (e.g., excessive soil erosion, overgrown grass or vegetation, dead or decaying trees) in common areas

22.7 Seismic Risk Assessment requirements for Manufactured Housing Communities (12/15/22)

In addition to meeting the requirements of Chapter 64 with respect to Seismic Risk Assessments (SRA), 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)] (12/15/22)

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

- Any wood-framed building built prior to 1960
- Reinforced concrete masonry (CMU) bearing wall buildings constructed prior to 2000
- 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/Serviceer 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] (06/29/17)

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] (06/29/17)

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

22.8 Seller property inspections (04/18/24)

For Home Sites and Borrower-Owned Homes the requirements in Section 8.15 apply. In addition, for Borrower-Owned Homes the following apply:

- Prior to early-rate lock, the Seller must inspect an appropriate sample of Borrower-Owned Homes based on the Seller's discretion and expertise, the condition of the Property, and any identified issues or other factors
- At full underwriting, the Seller must conduct a complete property inspection including, but not limited to, the following:

1. Inspection of:



- Ten percent of Borrower-Owned Homes, excluding Down Home Sites, with a minimum of two
 - All Down and vacant Borrower-Owned Homes
 - All non-revenue Borrower-Owned Homes
2. Prior to the inspection date, the Seller must select twice the required number of Borrower-Owned Homes for inspection, and the Seller must instruct the Borrower to provide appropriate notification to the tenants of the selected Borrower-Owned Homes. A list of the Borrower-Owned Homes to be selected must be provided to Freddie Mac prior to the date of inspection.
 3. On the day of the inspection, if Freddie Mac is on-site and participating in the inspection, Freddie Mac will select the Borrower-Owned Homes to be inspected. If Freddie Mac is not present, the Seller will select the Borrower-Owned Homes to be inspected. Neither the Borrower nor the property manager may select or recommend Borrower-Owned Homes to be inspected.

When a property inspection is delegated to the Seller, and the Borrower or the property manager cannot gain access to Borrower-Owned Homes, the Seller may substitute originally noticed units for the inaccessible units in order to fulfill the unit inspection and lease-audit requirements. The Seller must identify the inaccessible and substituted Borrower-Owned Homes in the inspection form.

4. The Seller must interview the property manager to discuss Borrower-Owned Homes
5. The Seller must document the complete property inspection. At full underwriting the Seller must submit the following property inspection documentation:
 - If Freddie Mac delegates the property inspection to the Seller, at least two photographs of each inspected Borrower-Owned Home, if applicable, must be provided
 - Completed [Property Inspection and Lease Audit](#) form, including a lease audit of all Borrower-Owned Homes, with a maximum of five Borrower-Owned Homes

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. 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 at mf.freddiemac.com/lenders/purchase.



22.10 Additional title and survey requirements (04/22/35)

a. Manufactured Housing Unit Endorsement (04/22/25)

See Section 29.1(h).

b. Additional survey requirements (04/22/25)

See Section 29.4.

c. Additional search requirements for MHC Mortgages (04/22/25)

See Section 29.4.

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 (10/21/21)

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

MHC Mortgages with MHC Tenant Protections, including all MHC Mortgages quoted on or after September 1, 2021 (unless MHROC, government-owned, or non-profit owned), 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 must:

- Contain no errors of which the Seller has knowledge, and
- Accurately state 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 (06/17/21)

For refinances of MHCs with Manufactured Homes owned by the Borrower or an Affiliate of the Borrower, the Seller/Servicer must provide income and expense statements of such Manufactured Homes pursuant to Section 55.2.

If the Property is an MHROC, the Seller/Servicer or Seller/Servicer's legal counsel must submit a completed copy of the Manufactured Housing Resident-Owned Community Analysis in the applicable underwriting package, with a copy to the *Multifamily Attorney*. The [Manufactured Housing Resident-Owned Community Analysis](#) must be submitted in addition to submitting the completed Legal Issues Analysis form.