



MHC Program Update and MHC Tenant Protections Training

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MHC Tenant Protections

- As part of Freddie Mac's Duty to Serve mandate, we are offering discounted pricing and third party report rebate to borrowers who implement MHC Tenant Protections.
- Any MHC loan can automatically qualify for these incentives, so long as the borrower agrees to add all eight MHC Tenant Protections to the existing and future homeowner leases.
- Freddie Mac Refinances are eligible, even if the current loan already received the incentives.
- Supplemental loans can qualify as long as the senior loan has not already received the incentives.



- The MHC Tenant Protections are as follows:
 1. One-year renewable lease term unless there is good cause for non-renewal
 2. 30-day written notice of rent increases
 3. 5-day grace period for rent payments and the right to cure defaults on rent payments
 4. Right to sell the manufactured home to a buyer that qualifies as a new tenant in the community, without having to first relocate it out of the community
 5. Right to sell the manufactured home in place within 30 days after eviction by the manufactured housing community owner
 6. Right to sublease or assign the pad site lease for the unexpired term to the new buyer of the tenant's manufactured home without any unreasonable restraint so long as the new resident qualifies as a new tenant within the community
 7. Right to post "For Sale" signs that comply with community rules and regulations
 8. Right to receive at least 60 days' notice of planned sale or closure of the manufactured housing community

If any of the above 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 this Lease, and all other provisions will remain in full force and effect.

- **MHC Tenant Protections Incentives**
 - » Pricing reduction at rate lock
 - » Up to \$10,000 Rebate for Third Party Reports
- **In return**, the borrower will commit to including **all** MHC Tenant Protections in their homeowner leases by no later than 12 months from origination.
- This will be applicable to all in place homeowner leases and any future homeowner leases. Leases for rental homes do not have to be amended.
- These updated leases must remain in effect for the duration of the loan term.

- **Annual Confirmation of Compliance:**

1. Lease Audit: servicer will randomly select 5% of the leases but no more than 20. The borrower will electronically submit the selected leases to the servicer, who will confirm their compliance.
2. Borrower Certification: the borrower will execute a certification confirming that all homeowner leases are compliant.

- **Timing:**

- » The initial confirmation must occur in month 13 after loan origination (borrower has 12 months for implementation)
- » Afterwards, the confirmation will occur every 12 months

■ 30 Day Cure Period

- » If the borrower does not certify compliance of all homeowner leases or the lease audit reveals noncompliance, then the borrower will have 30 days to update the noncompliant leases and re-certify that all homeowner leases are in compliance
- » Each year, the borrower will be entitled to a new 30 day cure period.

■ 2% Penalty

- » If the borrower fails to cure the noncompliance, then a one-time penalty in the amount of 2% of the origination UPB will be due.
- » Once charged, the loan will be considered cured (not in default), and MHC Tenant Protections will no longer be tracked for compliance.

- **Pricing Reduction**

- » Pricing reduction will be incorporated into the spread
- » Quote Sheet will note MHC Tenant Protections requirements

- **Underwriting**

- » New Due Diligence Requirements (upload to DMS):
 - Sample lease with MHC Tenant Protections
 - Seller’s counsel must review and confirm that it includes all 8 Tenant Protections.
 - Invoices for all Third-Party Reports
 - Final rebate amount calculated based on submitted invoices.

- **Third-Party Report Rebate**

- » Underwriting will review third party report invoices for total amount spent
 - The rebate will also be added to Exhibit A of the Letter of Commitment

- **Document Updates & Resources:**
 - » MHC Term Sheet
 - <https://mf.freddiemac.com/product/conventional.html>
 - » Quote Sheet
 - » S/S Guide
 - » Letter of Commitment
 - » Loan Agreement Rider
 - » MHC Questionnaire (legal)

 - » FreddieMac.com > Legal Documents
 - » <https://mf.freddiemac.com/lenders/legal/loan-documents.html>

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