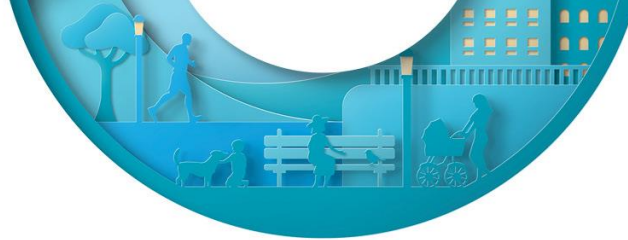


Manufactured Housing Communities (MHC) Tenant Protections

December 2021



FHFA Scorecard – Manufactured Housing Communities

- **New Approach**

- » Deals must now receive credit under the Duty To Serve regulation, which includes
 - Deals with MHC Tenant Protections
 - Manufactured Housing Resident Owned Communities (MHROCs)
 - Non-Profit Owned Communities
 - Government Owned Communities

MHC Tenant Protections

Focus on Homeownership Preservation without Rent Restrictions

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 buyer or sublessee 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

MHC Tenant Protections Incentives

- » Pricing reduction at rate lock commensurate with mission %
- The borrower must commit to including all MHC Tenant Protections in written agreements with tenants who own manufactured homes (MH homeowners) within 12 months of origination.
- These requirements will be applicable to all in place MH homeowners and any future MH homeowners
 - » Tenants of rental homes and/or RVs are not required to receive the MHC Tenant Protections
- These updated agreements must remain in effect for the duration of the loan term

MHC Tenant Protections: Implementation

Additional Implementation Flexibility

- MHC Tenant Protections can be implemented in any of the following written documents:
 - » MH homeowner leases (new, amended, or restated)
 - Signatures of MH homeowners acknowledging the MHC Tenant Protections are **required**
 - » Rules and Regulations that are incorporated by reference into MH homeowner leases
 - Borrower may provide to each MH homeowner a written notification that lists all the MHC Tenant Protections
 - Borrower's form of written notification and the updated Rules and Regulations must be submitted to Freddie Mac
 - » Other legally enforceable means as approved by Lender
 - Signatures of MH homeowners acknowledging the MHC Tenant Protections are **required**

MHC Tenant Protections: Oversight and Servicing

- **Annual Confirmation of Compliance**

1. Annual Audit & Servicer Certification: the servicer will randomly audit 5% of the MH homeowners, but no more than 20, reviewing the following:
 - The residential lease of the chosen MH homeowners confirming occupancy,
 - The applicable MHC Tenant Protection Document(s) including all MHC Tenant Protections, and the MH homeowner's signature (if required) acknowledging the MHC Tenant Protections,
 - Written notifications to MH homeowners (applicable only if MHC Tenant Protections are included in Rules and Regulations and Borrower has opted to send written notices to MH homeowners in lieu of obtaining signatures)

MHC Tenant Protections: Oversight and Servicing (con't)

- **Annual Confirmation of Compliance (con't)**

2. Annual Borrower Certification: the borrower will execute a certification confirming that all in-place MH homeowners have:

- Acknowledged the MHC Tenant Protections in writing
 - If MH homeowner signatures are required and borrower has not received all signatures, the respective MH homeowners must be listed, and borrower must explain its outreach efforts, and ultimate reason why signatures were not collected

OR

- Received written notifications listing the MHC Tenant Protections (applicable only if MHC Tenant Protections are included in Rules and Regulations and Borrower has opted to send written notifications to MH homeowners in lieu of obtaining signatures)

- **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

MHC Tenant Protections: Noncompliance

- 30 Day Cure Period
 - If (1) Borrower fails to deliver the annual certification or (2) if MH homeowner signatures are required, and borrower has not obtained all signatures, and Lender determines that the number of missing signatures is not de minimis, or (3) the Annual Audit reveals noncompliance, then borrower will have 30 days to cure the non-compliance
 - Each year, the borrower will be entitled to a new 30 day cure period
- Default
 - If the Borrower fails to cure the noncompliance, the loan will be considered in default

MHC Tenant Protections: Noncompliance (con't)

Additional Compliance Flexibility

- Best Efforts
 - » If signatures of MH homeowners are required, then so long as the borrower tries to obtain signatures from all MH homeowners, the number of missing MH homeowner signatures is de minimis, and the lender reasonably determines the borrower's efforts were sufficient, then the borrower will not be considered in default
 - » Best Efforts do not apply if the MHC Tenant Protections are included in Rules and Regulations and borrower has opted to send written notices to MH homeowners in lieu of obtaining MH homeowner signatures.
 - The borrower **must** deliver those written notices within 12 months after loan origination

MHC Tenant Protections: Quote Process

- Affordability Test will calculate the mission percentage based on the property's census tract, which impacts the level of pricing incentive

INPUTS	
Select State*	California
Select County*	Los Angeles
Use FHFA Utility Allowance*	Yes
Rent Restricted Unit Count (LURA)	
Manufactured Housing	Yes
Use HUD Snrs Housing Est	
Select Census Tract	541002
Status*	Preliminary
Rent Roll Date	
LIHTC	
PHA/State or Local Program	
Co-Op/ROC	
501(c)(3)	
DTS Tenant Protection	Yes

MARKET/MISSION DRIVEN BREAKDOWN		Show/Hide Detail
Market Type: Extremely Cost Burdened (Mission Dr		
Regulatory/Use Agreement		0%
Small Property		0%
Manufactured Housing		100%
Seniors Housing		0%
Rural Area		0%
Rent (80% AMI)		0%
Rent (60% AMI)		0%
PHA/State or Local Program		0%
TOTAL MARKET		
0.0%		0.0 units
TOTAL MISSION DRIVEN		
100.0%		420.0 units

MHC Tenant Protections: Quote Process

- To look up the census tract, click Select Census Tract link in Affordability Test
 - » Enter address, click Search, and find the census tract under “Tract Code”
 - » Enter it into the Affordability Test without the decimal point

The screenshot shows the FFIEC website interface. At the top, there is a search bar with the text "FFIEC Year: 2020" and "Address: 17701 S Avalon Blvd Carson Ca". A "Search" button is to the right. Below the search bar, on the left, is a table titled "Matched Address" with the following data:

Matched Address	
Address	17701 AVALON BLVD, CARSON, CA. 90746
MSA/MD Code	31084
State Code	06
County Code	037
Tract Code	5410.02
MSA/MD Name	LOS ANGELES-LONG BEACH- GLENDALE, CA
State Name	CALIFORNIA
County Name	LOS ANGELES COUNTY

Below the table is a button labeled "Census Demographic Data" and a checkbox labeled "User Select Tract". To the right of the table is a map of the area around 17701 S Avalon Blvd. The map shows several streets, including W 162nd St, W 163rd St, W 164th St, W 165th St, W 166th St, W 167th St, W 168th St, W 169th St, S Avalon Blvd, S Orchard Ave, S Denver Ave, S Figueroa St, S Flower St, S Ray St, S Long Ave, S Indo Ave, S Hampshire Ave, S Vermont Pl, S Estrella Ave, and S Borsalia Ave. The map also shows the census tract code 5410.02. A red arrow points from the "Tract Code" field in the table to the "Census Demographic Data" button. Another red arrow points from the "Census Demographic Data" button to the map.

MHC Tenant Protections: Quote/UW Process

- **Pricing Reduction**
 - » Pricing reduction will be incorporated into the spread
 - » Quote Sheet will note MHC Tenant Protections requirements
- **Updated Due Diligence Requirements (Upload to DMS)**
 - » A final form of the agreement that includes all MHC Tenant Protections and requires signatures (if applicable) of MH homeowners
 - » If MHC Tenant Protections are included in Rules and Regulations and Borrower has elected to send written notifications to MH homeowners in lieu of obtaining their signatures, the (1) updated Rules and Regulations, and (2) form of written notification that will be sent to MH homeowners
 - » Seller's counsel must review and confirm all documents are acceptable (if Rules and Regulations are used, Seller's counsel must also confirm the Rules and Regulations are incorporated by reference into written leases

MHC Tenant Protections: Resources

- **Updated Documents & Resources**

- » MHC Term Sheet
- » Quote Sheet

- **February 2022 Updates**

- » S/S Guide
 - Chapters 22, 55, and Conventional Checklist
- » Legal Resources on the Freddie Mac website
 - LIA
 - Loan Agreement Rider



MHC Tenant Protections: Contacts

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