

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Manufactured housing communities underwriting guide

Separate lot rent, owned-home income, utility recoveries and infrastructure costs.

A manufactured housing community combines site income with infrastructure and, sometimes, a separate owned-home business. The financing package should identify who owns each home, who maintains utility systems and which income and collateral the proposed lender will accept. A simple occupied-pad count cannot answer those questions.

Separate sites from homes

Create distinct schedules for occupied tenant-owned-home sites, community-owned homes, vacant developed sites and any undeveloped expansion land. Separate lot rent, home rent, installment or sale proceeds and utility reimbursements. The same occupied site should not be counted twice through home rent and lot rent unless the schedule explicitly separates the components of the actual payment.

Investigate infrastructure obligations

Map water, wastewater, roads, drainage and electrical systems to ownership, operating responsibility and capital needs. Private ownership does not by itself remove public-water-system obligations; EPA's classifications depend on the system and service facts. Obtain the applicable operator, regulator and professional evidence instead of inferring compliance from the absence of a municipal utility bill.

Match the property to the financing channel

Fannie Mae's MHC term sheet describes a specific community financing product and associated third-party reports. It does not mean every park, owned-home mix or expansion plan qualifies. Present the exact ownership mix, condition, utility facts and business plan to the lender. Model infrastructure work and temporary service disruption separately from recurring operating expense.

Use this guide with the matching Excel model. Illustrative assumptions are editable; no lender approval, market quote or universal threshold is represented.

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What the lender needs to understand

Preparation questions and evidence to resolve them. Actual requests and acceptance standards depend on the lender and transaction.

01 / What exactly generates each resident payment?

Site and home schedules separating lot rent, home rent, utilities and other charges.

02 / Which homes and equipment are owned or pledged?

Titles, liens, inventory and financing documents.

03 / Who owns and operates the utility systems?

System maps, permits, operator agreements and regulator correspondence.

04 / What capital is needed to maintain service?

Engineering findings, bids and a dated repair or replacement plan.

05 / Will the selected program accept the actual property mix?

Written lender screening against current controlling program requirements.

06 / Can the sponsor fund disruption before reimbursement?

Monthly operating and capital cash schedule with accessible equity.

Turn the request list into an evidence ledger

For each material question, record the document and date, the responsible owner, the unresolved fact, the party who can accept it, and the financing consequence if it remains unresolved. A file delivered to a lender is not necessarily an accepted answer.

Evidence state: requested / received / reconciled / accepted / still conditional. Preserve the lender response and avoid treating an unanswered question as approval.

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Document checklist: cash flow and collateral

Use a consistent cutoff date. Mark missing items, conflicts and explanations rather than simply counting files.

Cash flow and operations

Document / evidence request	Received / open
Site roll identifying tenant-owned homes, community-owned homes and vacancy.	[] _____
Resident leases, home-rental contracts and other payment agreements.	[] _____
Lot, home, utility and ancillary collections reconciled separately.	[] _____
Delinquency, concessions and nonrecurring home-sale proceeds.	[] _____
Monthly operations with utility costs and recoveries shown distinctly.	[] _____
Owned-home maintenance, turnover and replacement cost history.	[] _____

Property and collateral

Document / evidence request	Received / open
Site plan and legal inventory, including developed and undeveloped areas.	[] _____
Home-title and lien records for community-owned inventory.	[] _____
Water and wastewater ownership, permits and operator documentation.	[] _____
Testing, inspection and compliance correspondence relevant to actual systems.	[] _____
Condition assessment for roads, drainage, utilities and common facilities.	[] _____
Capital bids with outage, resident-access and restoration assumptions.	[] _____

Reconciliation note

The schedules should agree with the source documents or identify the exact reason for a difference. Keep the source amount, the adjustment and the lender-accepted amount visible as separate fields.

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Document checklist: sponsor and closing

Confirm who provides the money, when it is available and what evidence permits the transaction to fund.

Sponsor and execution

Document / evidence request	Received / open
Sponsor and manager community-operating experience.	☐ _____
Ownership and guarantor documents identifying related home businesses.	☐ _____
Liquidity evidence after infrastructure and other commitments.	☐ _____
Resident-service and emergency-response responsibilities.	☐ _____
Debt and contingent obligations across the portfolio.	☐ _____
Funding authorization for capital overruns and disrupted collections.	☐ _____

Closing and funding

Document / evidence request	Received / open
Current lender determination of property and income eligibility.	☐ _____
Required utility, management and material contract consents.	☐ _____
Third-party reports and outstanding lender acceptance conditions.	☐ _____
Home or equipment lien treatment separate from real-estate collateral.	☐ _____
Payoff, title, insurance and reserve funding evidence.	☐ _____
Draw conditions and temporary funding for infrastructure work.	☐ _____

Before committing the next dollar

- ☐ Reconcile every site and home to a single income and ownership record.
- ☐ Obtain utility evidence before treating required work as discretionary.
- ☐ Confirm the actual capital channel and fund the infrastructure downside.

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Use the model and reconcile the result

manufactured-housing-underwriting-model.xlsx | Summary, Assumptions, Pad and Home Cash, Operations, Debt and Funding, Review

1. Use Assumptions!D5 for Base (1) or Downside (2), and the labeled scenario input rows. Enter source data in Pad and Home Cash!D10:L21; preserve formula cells and an untouched workbook copy.
2. Community-owned-home rent includes its pad; do not add another pad rent. Utility costs use physical sites and recoveries use paying sites. Lender acceptance of home income, infrastructure and property eligibility remains separate.
3. Reconcile Operations to Summary. Apply the entered lender adjustment separately to the modeled cash flow. Sizing uses amortizing debt service, while first-year payments reflect the entered interest-only period.
4. In Assumptions, replace illustrative value, LTV, DSCR, debt yield, rate, amortization and requested ceiling with the intended scenario. Review capacities in Debt and Funding. The smallest modeled capacity does not establish eligibility or approval.
5. Closing equity includes the entered opening cash and restricted reserves. Additional operating cash need is measured after that opening cash, so do not add it twice. Inspect monthly cash and remaining principal at maturity.
6. Read Review for model conventions and limitations. Save each scenario with its supporting evidence and date; actual lender definitions, legal rights and professional findings control the transaction.

Worked example: editable teaching assumptions

Illustrative Base / Downside inputs: Property value \$6,000,000 / \$5,200,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$719,820	\$617,706
NCF after reserve	\$436,181	\$305,854
NCF used for sizing	\$436,181	\$280,854
Modeled loan	\$3,900,000	\$2,332,612
Binding sizing constraint	LTV	DSCR
First-year debt service	\$284,748	\$201,325
Required closing equity	\$2,000,000	\$3,567,388
Equity left / (closing gap)	\$500,000	-\$1,067,388
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$500,000	-\$1,067,388
Principal at modeled maturity	\$3,574,328	\$2,173,815

Base NCF used for sizing is \$436,181. The modeled loan is \$3,900,000, with LTV binding. Closing uses of \$5,900,000 less that loan require \$2,000,000 of equity. Available equity is \$2,500,000; the signed combined surplus/gap is \$500,000 after any additional operating cash need. Downside changes the loan to \$2,332,612 and the combined result to -\$1,067,388.

Dollar results rounded to the nearest dollar; the workbook retains precision. Signed funding surplus is negative for a shortage. A positive funding surplus remains subject to actual source availability.

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Review the risks and the evidence

- A privately owned utility system may still fall within a regulated public-water classification.
- Home sales, lot rent and owned-home rent have different timing and economic characteristics.
- Do not count utility recoveries without the matching cost and collection assumptions.
- A program summary is not a substitute for review of the actual home mix and infrastructure facts.

Sources and applicability

These references support the stated asset and risk context. The questions and document lists are preparation tools, not a statement that every lender requires or accepts the same package. Actual contracts, applicable rules and the chosen lender determine the transaction requirements.

1. EPA - Information about Public Water Systems | Definition and classifications; updated March 16, 2026 | Checked 2026-10-21

Source-specific context; numerical examples and decision workflow are original hypothetical analysis.

<https://www.epa.gov/dwreginfo/information-about-public-water-systems>

2. Fannie Mae - Manufactured Housing Communities Term Sheet | Opening description and Third Party Reports | Checked 2026-10-21

Source-specific context; numerical examples and decision workflow are original hypothetical analysis.

<https://multifamily.fanniemae.com/financing-options/manufactured-housing-communities/manufactured-housing-communities-term-sheet>

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Education and analysis do not establish a financing offer, appraisal, legal opinion or program eligibility. Confirm the current source, actual contract terms and professional advice relevant to the transaction.