



## **SONYMA Manufactured Home Lending Program (“MLP”) Frequently Asked Questions (FAQs)**

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New York State Homes and Community Renewal (HCR), the state housing agency, is launching a new home loan program specifically for manufactured home buyers who will site their home on leased land in manufactured home communities.

This program will be offered through HCR’s mortgage lending division, the State of New York Mortgage Agency (SONYMA). The purpose of the program is to create an affordable home-purchase loan product that includes traditional benefits including Down Payment Assistance Grants.

### **1. What is the MLP product?**

The Manufactured Home Lending Program (“MLP”) is a personal property loan program, similar to what is commonly referred to as “chattel” loans.

The loans will be recorded the same way that chattel loans are (through the Division of Motor Vehicles and with UCC filing at the local County Clerk’s Office.)

### **2. What is the difference between the MLP product and the previous mortgage product for New York State offered in MH communities?**

The MLP product is a less administratively burdensome product for the homebuyer and the park owner.

The MLP loan is not a mortgage and will not encumber the land on which the manufactured home is sited.

This loan product does not require consent of the senior lender who has debt on the MH Community.

### **3. What are the advantages of the MLP product for both homeowner and park owners?**

The MLP loan offered by SONYMA, will have many of the same benefits as the SONYMA mortgage loan program , including lower interest rates than most chattel loans, and forgivable grants for down payment and siting costs.

Additionally, the MLP will offer:

- a) loss mitigation measures in the event of default intended to assist the homeowner in staying current on their lot rent and their home loan (including but not limited to loan modifications such as extended loan terms);
- b) flexible underwriting, such as no minimum credit score and a more inclusive look at credit worthiness; and
- c) the ability to pair MLPs with other state grants programs for homebuyers; with section-8 vouchers where applicable; and with weatherization grants where possible.

#### **4. Why do manufactured home community owners have to onboard with SONYMA to be a part of this program?**

Primarily SONYMA will use the information obtained in the onboarding process to confirm that the community is in good financial health, offers state-approved lot lease terms, and that the community is maintained in good physical condition.

The process for all Community Owners requires a short 2-page questionnaire, confirmation of insurance coverage, and recent financial statements. Once completed, the community will become eligible to have SONYMA MLP loans offered to their tenants.

Once a community on-boards, SONYMA will list the community on our website and share the information with our participating lenders. This will allow consumers to know that a park is approved and eligible for an MLP Loan in that community.

#### **5. How does a Community Owner refer a potential homebuyer to the SONYMA MLP?**

Once a manufactured home community onboards with SONYMA, we will provide the community owner with a list of SONYMA's participating lenders, including direct contact information to the loan originators who specialize in the MLP loan approval.

#### **6. Can the MLP loan be used to purchase an existing home?**

MLP loans can be used to purchase a new home or a used home. However, the home's age and condition will factor in to whether a SONYMA MLP will be eligible for purchase (See more below).

MLPs can also be used to buy a newly constructed home directly from an MH retailer. The Down Payment Assistance Grant may be used in all circumstances.

#### **7. Is there any limit on the age of a home that can be purchased with an MLP Loan?**

If the home has been previously owned, there are some additional limitations:

- The home must be up to current HUD code prior to sale
- The home must be newer than a 1996 model.
- The MLP loan will only be sized based on a current appraised value

**8. Is there any limit on the minimum or maximum amount of MLP Loan?**

No. There is no minimum limit on an MLP loan.

However, the sales prices of homes must be supported by a current appraisal of the home which must be established prior to loan closing.

**9. How long does it take for a homebuyer to get approved and close on a SONYMA MLP loan?**

The process from application to closing varies based on the type of unit purchased – new or previously sited. The typical sited unit will take 35 to 50 days from application to closing.

**10. If a park owner signs up for this program, what right does the state have as it relates to the management and operation of the park?**

Participation in the MLP loan program does not mean a community is now regulated by the government, nor is the park owner subject to any state regulations other than what normally applies.

However, like in the case of chattel loans, there will be situations when SONYMA and a community owner will have to work together, particularly in the case of a loan or lot rent default, particularly if a home needs to be vacated and resold.

**11. Will the park owner be able to follow its own eviction policies if a homeowner defaults and or violates community guidelines? Will the State have any stipulation overriding this?**

Yes, the park owner can follow its standard procedures for eviction if a homeowner violates community guidelines or comes under default. However, we ask that SONYMA be notified so that we can begin our repossession process of the unit and standard loss mitigation procedures. The lot rent will be paid to the community owner by SONYMA until a cure is made on that property.

**12. Will an appraisal be conducted for the unit being sold?**

Yes, an appraisal will be ordered by the lender.