



Delivering Manufactured Housing Loans to Fannie Mae

FAQs

Fannie Mae invests in manufactured housing loans to serve its mission of expanding affordable housing by providing liquidity to a market segment that is crucial to many Americans. MH offers a low-cost alternative to site-built homes for millions of American households, especially in high-cost and rural areas. Fannie Mae purchases mortgages secured by manufactured housing titled as real estate via our approved lender partners using our standard MH underwriting guidelines.

MH Advantage® is an innovative new homeownership option that pairs affordable financing with specially designated manufactured housing having characteristics typical of site-built homes.

These FAQs address questions about both standard MH and MH Advantage underwriting.

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General

Q1. What is a manufactured home?

Fannie Mae defines a “manufactured home” as any dwelling that is built on a permanent chassis and installed on a permanent foundation system. Manufactured homes must be titled as real estate property and meet the federal Manufactured Home Construction and Safety Standards of June 16, 1976 (the HUD Code) as well as other guidelines per the Fannie Mae *Selling Guide*.

Other factory-built housing (not built on a permanent chassis), such as modular, is not considered manufactured housing (MH) and is treated the same as site-built housing, and thus is not subject to the MH guidelines.

Q2. What is a modular home?

Modular homes are homes built in modules at a factory, transported and permanently installed on the home site. Unlike MH, modular homes conform to the same state, local, and regional codes that apply to site-built dwellings.

Off-frame modular homes are covered by the Fannie Mae *Selling Guide* as standard single-family detached homes and not as MH. On-frame modular homes have permanent chassis but do not meet HUD Code and loans secured by such properties are eligible for delivery to Fannie Mae.



Q3. With regard to MH, what is the difference between a classification of “real property” and “personal property”?

With regard to MH, the term “real property” refers to a manufactured home that is permanently affixed to the land on which it is located and that meets all applicable requirements for characterization as real estate. Personal property MH (also referred to as “chattel”) consists of the home only, usually located on leased land. The majority of MH housing stock in the United States is considered personal property MH, and not eligible to secure loans for delivery to Fannie Mae. Financing for personal property MH is provided by the private capital market.

To be eligible for delivery to Fannie Mae as real property, an MH loan must be secured by a perfected lien (or liens) on real property consisting of the manufactured home and the land. The manufactured home must be legally classified as real property under applicable state law, including relevant statutes, regulations, and judicial decisions.

Property Eligibility

Q4. What MH projects require project approval prior to delivery of the loan to Fannie Mae?

For mortgage loans secured by multi-width manufactured homes located on individual lots in subdivisions or planned unit developments (PUDs), project review generally is not required. Single-width manufactured homes must be located in a Fannie Mae-approved subdivision or PUD when the project is a new project or when it is subject to resale restrictions or located on leasehold estate or a community land trust.

New condo and co-op projects containing manufactured homes or manufactured housing projects in community land trusts, or that are subject to resale restrictions or leasehold estate, must have received approval from Fannie Mae via the Project Eligibility Review Service (PERS). In the case of cooperatives, both the land and dwelling must be owned by the cooperative. In the case of condominiums, both the land and dwelling must be part of the condominium legal structure.

For further information about project review and acceptance requirements, see the *Selling Guide B4-2: Project Standards*.

Q5. What can a lender do if the HUD Certification Label or the HUD Data Plate/ Compliance Certificate is missing from the home?

The HUD Certification Label, sometimes referred to as a HUD “seal” or “tag,” is a metal plate located on the exterior of each section of the home. As an alternative to the original document, the lender may be able to obtain a verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS) (www.ibts.org).

The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer’s name and trade/model number. In addition to the data required by Fannie Mae, the data plate includes pertinent information about the unit, including a list of factory-installed equipment. A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. A list of IPIA offices is posted on HUD’s Web site (https://www.hud.gov/program_offices/housing/rmra/mhs/mhsid).



The Form 1004C appraisal form must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label. If original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the Certification Label, the loan is not eligible for delivery to Fannie Mae.

NOTE: *Additional information related to the Certification label or the Data Plate can be obtained from HUD at https://www.hud.gov/program_offices/housing/rmra/mhs/mhslabels.*

Mortgage Eligibility and Underwriting

Q6. What are Fannie Mae's eligibility requirements for MH loans?

Generally, MH loans eligible for delivery to Fannie Mae:

- may have a 20- or 30-year term and be a fixed-rate mortgage, or a 7/1 or 10/1 ARM;
- require at least a 5% down payment; and
- must be underwritten through Desktop Underwriter® (DU®).

Borrowers who have equity in the land where the home will be located or in a trade-in may be able to use the equity or trade-in value toward the 5% down payment requirement. For more information about eligibility and down payment requirements, see the questions below or refer to the Fannie Mae [Selling Guide](#) and [Eligibility Matrix](#).

Also refer to FAQs regarding MH Advantage.

Q7. Are there any special requirements for submitting an MH loan to DU for underwriting?

The lender is responsible for correctly identifying the property type as MH when submitting the loan to DU and also at delivery. If the property type is not properly identified as MH, the lender may be required to repurchase the loan. DU will return a message confirming that the loan was underwritten as property type manufactured home.

Q8. Is homeownership education required for mortgage qualification?

Fannie Mae believes that access to quality homeownership education and counseling can provide borrowers with the important information and resources to make informed decisions that support long-term homeownership sustainability.

- For MH loans that are combined with a HomeReady® loan, if ALL occupying borrowers are first-time homebuyers, then at least one borrower must complete the [Framework® online education program](#), regardless of LTV.

The Framework course, available in English and Spanish, meets or exceeds industry standards and consistently receives high marks from learners.

Exceptions to the Framework course requirement:

- For loans that involve a Community Seconds® or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing.



- The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In such cases, lenders should direct buyers to Framework's toll-free customer service line (855-659-2267), which can refer consumers to a HUD-approved counseling agency.
- Finally, buyers who have already completed housing counseling prior to entering into a sales contract (as evidenced by a completed Fannie Mae [Form 1017](#)) are not required to complete the Framework course.

For more information, refer to the [homeownership education FAQs](#).

Q9. In what cases may a borrower's land equity count toward the down payment requirement?

The value of a lot that the borrower owns on which the manufactured home will be permanently attached may be credited toward the borrower's minimum down payment requirement. The borrower's equity contribution will be the difference between any outstanding liens against the lot and the value of the lot at the time it was acquired.

If the borrower purchased the lot more than 12 months before the date of the mortgage application – or acquired the lot at any time as a gift, inheritance, or other non-purchase transaction – the value of the lot will be its current appraised value. Ownership must be evidenced by documentation that verifies the acquisition and transfer of ownership.

If the borrower purchased the lot 12 or fewer months before the date of the mortgage application, the value of the lot will be the lesser of its sales price or its current appraised value. To document the borrower's cash investment in this case, the lender must obtain a certified copy of the HUD-1, or similar settlement statement, for the purchase of the land, and a copy of a warranty deed showing that there are no outstanding liens against the property, or a copy of a release of lien of any prior lien(s).

Q10. In what circumstances may borrowers count trade-in equity toward the down payment requirement?

Trade-in equity from the borrower's existing manufactured home may be used to help meet the down payment requirement.

If the borrower has owned the home being traded for more than one year preceding the date of the mortgage application, the maximum equity contribution from the traded manufactured home is 90% of the retail value for the traded manufactured home, based on the [N.A.D.A. Manufactured Housing Appraisal Guide](#)[®], less the sum of any outstanding indebtedness on the home and any costs associated with the removal of the home.

If the borrower has owned the home being traded for less than one year preceding the date of the mortgage application, the maximum equity contribution from the traded manufactured home is the lower of 90% of the retail value for the traded manufactured home, based on the N.A.D.A. Manufactured Housing Appraisal Guide, or the lowest price at which the home was sold during that 12-month period less the sum of any outstanding indebtedness on the home and any costs associated with the removal of the home.

Fannie Mae requires a lien search in the appropriate real property and personal property records to verify ownership and determine whether there are any existing liens on the manufactured home and lot (or liens if the home and lot were encumbered by separate liens) for the trade-in manufactured home. The seller of



the new manufactured home must provide proof of title transfer and satisfaction of any existing liens for which the borrower had been liable on the traded manufactured home.

Q11. May gift funds be used toward the borrower's down payment for an MH loan?

Yes, as long as the borrower is purchasing a principal residence and meets the requirements to use gifts, donated grant funds, or funds received from an employer to pay for some or all of the borrower's minimum contribution. (See *Selling Guide* [B3-4.3-04](#): Personal Gifts; [B3-4.3-06](#): Donations From Entities; and [B3-4.3-08](#): Employer Assistance, for additional information.) If the borrower is purchasing a second home and the loan-to-value (LTV)/combined loan-to-value (CLTV) ratio is greater than 80%, the borrower must have a minimum down payment of 5% from the borrower's own funds.

Q12. Are borrowers allowed to use employer-assisted housing funds toward their down payment?

Yes. The borrower must make the required minimum down payment from his or her own funds (if applicable), and can use the funds provided by his or her employer toward closing costs and additional down payment in accordance with the guidelines stated in the *Selling Guide* (section [B3-4.3-08](#): Employer Assistance).

Q13. Are manufactured homes eligible for conversion of interim construction-to-permanent financing?

No. Fannie Mae will purchase MH loans only when the home is complete and permanently attached to the foundation system as evidenced by the appraisal (final inspection certificate) and a certificate of occupancy or completion from local authorities.

We require any improvements to be completed, and fully paid for, when the mortgage is delivered to us. Specifically, the following must be completed: site preparation for delivery of the manufactured home, attachment of the manufactured home to the permanent foundation, permanent connection to the septic or sewage system, and permanent connection to all necessary utilities (water, electricity, gas, etc.). Exceptions to the foregoing may be only for minor items that do not affect the ability to obtain an occupancy permit (e.g., landscaping, a driveway, a walkway, etc.), subject to all conditions for new or proposed construction provided in the *Selling Guide* in [B4-1.2-03](#): Requirements for Postponed Improvements. Mortgages secured by existing manufactured homes that have incomplete items that affect livability are not eligible for purchase until the necessary work is completed and paid for.

Q14. Are mortgages secured by MH eligible under the RD (Rural Development) Section 502 program?

Yes. MH loans are eligible for government guaranteed RD loans and may be delivered to Fannie Mae as long as the properties are new homes, titled as real property, and the loans comply with the guidelines of both the Fannie Mae *Selling Guide* ([B6-1-05](#): Eligible RD-Guaranteed Mortgages) and the RD program. Government loans sold to Fannie Mae require negotiated approval.

Q15. What items are allowed to be included in the sales price for a manufactured home?

The sales price may include the price of the manufactured home unit and any bona fide and documented costs for transportation, site preparation, and dwelling installation at the site. The purchase of any personal property (non-realty) items may not be included.



Title Issues and Lien Requirements

Q16. Does Fannie Mae require all MH loans to be secured by a single lien on the land and manufactured home together?

No. Although we prefer that the MH loan be a single real estate transaction because that is more familiar to lenders and provides less opportunity for error (particularly in the event of foreclosure), we do not believe that the single real estate lien is the only way to protect our interests. Some states do not legally recognize single liens for land and a manufactured home. For loans secured by MH properties in those states, we accept loans documented by a lien on the land evidenced by a mortgage or deed of trust and by a real estate lien on the manufactured home evidenced on the certificate of title (or other document).

Q17. Does Fannie Mae require MH title conversion from personal property to real property to be complete at the time the loan is made?

Yes. As Fannie Mae only purchases loans secured by real property, delivery can only occur on loans made after the title conversion process is complete in states requiring such a process. Fannie Mae understands title conversion generally takes 60 days to complete, but can take longer under unique circumstances and depending on the state.

Affidavits of Affixture

Q18. What is in “Affidavit of Affixture” and what guidance does Fannie Mae offer to lenders for preparing one?

Fannie Mae requires the borrower and lender with a personal property lien to sign an Affidavit of Affixture that acknowledges their intent for the manufactured home to be permanently part of the real property that secures the mortgage and contains any specific language that may be required by applicable law. The Affidavit must be maintained in the loan file.

Any form of affidavit that meets our *Selling Guide* requirement is acceptable to Fannie Mae; we do not require that the affidavit be on a specific form or in a specific format. An affidavit that meets the following standards is an example of one that would comply with our requirements.

The document:

- Includes the following language: "Borrower and Lender state that it is their intent that the manufactured home be and remain permanently attached to and part of the real property, and that it be regarded as an immovable fixture thereto and not as personal property."
- Identifies the property;
- Contains the printed name and signature of the borrower and lender;
- Is dated;
- Is notarized;
- Is recorded, if possible;
- Complies with applicable federal, state and local law; and
- Is kept in the loan file.

Lenders who need further assistance should contact their Fannie Mae Customer Account Team.



Q19. Some states don't require an Affidavit of Affixture. Does the lender have to prepare this affidavit for manufactured homes located in those states?

Yes. Fannie Mae always requires an Affidavit of Affixture. Some states require this Affidavit as part of the process of establishing the manufactured home as real property, most commonly in connection with surrendering the certificate of title. Other states do not require it, either because they don't have a surrender process or because the process involves some other method of assuring that the home is affixed to the land free of potentially competing liens. Even if the state doesn't require this Affidavit, Fannie Mae requires it to give us assurance that the home is part of the land.

MH Advantage[®]

Q20. What is MH Advantage and how is it different from Fannie Mae standard manufactured housing guidelines?

Fannie Mae engaged with the manufactured housing industry to develop MH Advantage to offer a new affordable housing option. MH Advantage properties are built to meet specific construction, architectural, and energy efficiency specifications, and include features such as garages, carports, and dormers, giving an appearance that is more similar to traditional site-built homes.

Borrowers obtaining financing on a home that complies with the MH Advantage eligibility requirements may benefit from financing flexibilities not available under standard manufactured housing guidelines, including higher LTV limits (for owner occupied primary residences only), standard mortgage insurance coverage requirements, and reduced loan-level price adjustments. Because MH Advantage homes must be titled as real property and are factory-built manufactured homes, they remain subject to the HUD Manufactured Housing requirements and must be permanently affixed to the land.

Q21. What are the property requirements for a home to be eligible under MH Advantage?

MH Advantage is manufactured housing that is built to meet construction, architectural design, and energy efficiency standards that are more consistent with site-built homes.

Examples of the physical characteristics for MH Advantage include

- Specific architectural and aesthetic features such as distinctive roof treatments (eaves and higher pitch roofline), lower profile foundation, garages or carports, porches, and dormers,
- Construction elements, including durability features such as durable siding materials; and
- Energy efficiency standards (minimum energy ratings apply).

View additional information in the *Selling Guide* or on the [MH web page](#).

Q22. How do home buyers, lenders, and others know whether a manufactured home meets the criteria of MH Advantage?

MH Advantage homes have a sticker placed near the HUD Data Plate at the factory. This sticker is placed on the home by the manufacturer, indicating that the home meets the specific construction criteria for MH Advantage. The HUD plate and sticker are usually placed in an area where they are unlikely to be removed. The sales contract may also indicate that the home is MH Advantage.



Retailers and dealers that sell manufactured homes may identify to consumers which homes are MH Advantage–eligible based on the sticker placed by the manufacturer. As MH Advantage gains traction, we expect that retailers will feature models on their lots to promote MH Advantage homes.

Q23. What is the difference between originating an MH Advantage loan and a standard manufactured housing loan?

As with all manufactured home loans, MH Advantage loans must be underwritten through DU. To benefit from the expanded eligibility for these properties, the lender must correctly identify the loan as “Manufactured Home: MH Advantage.” DU will issue a message reminding the lender to ensure that the MH Advantage requirements are met, in addition to all other manufactured housing requirements.

The lender must validate that the manufactured home is eligible for the MH Advantage flexibilities. This includes reviewing the appraisal for photographic evidence of the MH Advantage sticker affixed by the manufacturer, and for evidence of certain site features (such as driveways and sidewalks) that are typically completed by or through the retailer. Lenders and appraisers should refer to information on the [MH web page](#) or in the Fannie Mae *Selling Guide* for appraisal and appraisal review requirements.

Fannie Mae sellers must deliver MH Advantage loans to Fannie Mae with both SFC 859 (MH Advantage) and SFC 235 (manufactured housing). If SFC 859 is not delivered, the standard MH loan-level price adjustment (0.50%) will be applied.

Q24. Are there specific appraisal requirements for MH Advantage homes?

In addition to Fannie Mae’s general appraisal requirements for MH described in the *Selling Guide* (B5-2), the appraisal report must include photos of the MH Advantage Sticker, HUD Data Plate, and HUD Certification Labels, as well as photos of the site showing all driveways, sidewalks, and detached structures located on the site.

For MH Advantage properties, appraisers must use other MH Advantage homes, when available, for the comparable sales. If fewer than three MH Advantage sales are available, then the appraiser must supplement with the best and most appropriate sales available, which may include site-built homes. See *Selling Guide* [B4-1.3-08](#), Comparable Sales, for additional information.

Q25. Can borrowers refinance MH Advantage loans and still access the MH Advantage flexibilities?

Yes, the MH Advantage flexibilities are available for refinances as well as for purchase transactions. To qualify for MH Advantage financing, the lender will need to validate eligibility by photographic evidence of the presence of the MH Advantage sticker, and driveway and sidewalk, as part of the appraisal. As long as the home retains the MH Advantage sticker, borrowers and future owners may benefit from the flexible financing.

Q26. Can MH Advantage be used with HomeReady mortgage?

Yes. Lenders must follow the HomeReady requirements to combine the products.



Q27. Can MH Advantage be combined with other loan products?

Yes. MH Advantage can be combined with other loan products/options that allow manufactured housing such as high-balance loans, HomeStyle® Renovation, and HomeStyle Energy. Lenders are responsible for complying with requirements for both MH Advantage and any other product used.

Q28. How many manufacturers and retailers are participating in the MH Advantage program?

Fannie Mae has worked with multiple manufacturers in the industry in designing the MH Advantage program. We are working to engage with more manufacturers throughout 2018 to make these homes widely available. The manufacturers will be working with their retailers and dealers to promote MH Advantage homes so that more consumers will have access to them.

Q29. Is home-buyer education or counseling needed for MH Advantage?

Fannie Mae believes that access to quality homeownership education and counseling can provide borrowers with the important information and resources to make informed decisions that support long-term homeownership sustainability.

- For MH Advantage loans combined with a HomeReady loan, if ALL occupying borrowers are first-time homebuyers, then at least one borrower must complete the Framework® online education program, regardless of LTV.

- For other purchase transactions where LTV, CLTV, or HCLTV > 95%, if ALL occupying borrowers are first-time homebuyers, then at least one borrower must complete the Framework online education program, regardless of the product chosen.

The Framework course, available in English and Spanish, meets or exceeds industry standards and consistently receives high marks from learners.

Exceptions to the Framework course requirement:

- For loans that involve a Community Seconds® or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing.
- The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In such cases, lenders should direct buyers to Framework's toll-free customer service line (855-659-2267), which can refer consumers to a HUD-approved counseling agency.
- Finally, buyers who have already completed housing counseling prior to entering into a sales contract (as evidenced by a completed Fannie Mae [Form 1017](#)) are not required to complete the Framework course.

For more information, refer to the [homeownership education FAQs](#).



Pricing, Delivery, and Servicing

Q30. How are MH loans priced?

Based on Fannie Mae's assessment of the risk associated with mortgages secured by MH, we charge a loan-level price adjustment (LLPA) of 0.50% in addition to any LLPAs that are otherwise applicable to the transaction.

For MH Advantage, the standard 0.50% LLPA is not applicable, provided the loan is delivered with SFC 859.

Q31. Does Fannie Mae require a special feature code for delivery of loans secured by MH?

Special feature code 235 is required at the time of delivery for loans secured by manufactured homes. For MH Advantage, SFC 859 is also required.

Q32. Does Fannie Mae have any servicing requirements that are specific to MH loans?

Yes. Fannie Mae has special servicing and default management requirements for mortgages secured by manufactured homes. Servicers must ensure that all MH mortgages they service are properly identified in their systems and follow the requirements of the Fannie Mae [Servicing Guide](#).

Q33. Are MH Advantage loans subject to any selling limitations such as a de minimus limit?

There are no de minimus limits or other limitations in selling MH Advantage loans to Fannie Mae as they are manufactured homes titled as real property and eligible for TBA MBS pools.