



Lending for MH Advantage

A quick reference guide for lenders

Your role in the MH Advantage® origination process is simple and straightforward. This guide will walk you through key steps and requirements for MH Advantage loans.

Step 1: Pre-qualifying and finding a home

Before shopping for a home, a borrower may come to you to get pre-qualified. This pre-qualification isn't MH-specific, so it's no different than any other pre-qualification.

Step 2: Financing a manufactured home

Once your borrower has chosen a manufactured home, they will work out the financing details with you and return to the retailer to purchase the home. While most manufactured homes are produced by manufacturers participating in MH Advantage, you'll need to visit fanniemae.com/manufacturedhomes to confirm. As a reminder, the sales price of the manufactured home may include bona fide and documented transportation, site preparation, and dwelling installation at the site. A separate construction loan is not necessary. The retailer will then send you the sales contract, and the manufacturer will receive an order to start building the home.

Step 3: Underwriting the loan

While the manufacturer builds the home, you'll begin underwriting the loan in Desktop Underwriter®. It is the manufacturer's responsibility to construct the home to be MH Advantage-eligible. Before leaving the factory, the manufacturer will apply the MH Advantage sticker as proof that the home is MH Advantage-eligible. At this point, the retailer will also begin preparing the home site for installation based on the manufacturer's instructions.

Step 4: Installation and appraisal

The retailer will oversee the installation process and the appraiser will take pictures of MH Advantage-required features. For new construction, appraisals will either be based on plans

and specifications or an existing model home, according to *Selling Guide* sections B4.1.2-03 and B4-1.4.01. The appraiser will use other MH Advantage homes, when available, for comparable sales. If fewer than three MH Advantage sales are available, then the appraiser will supplement with the best and most appropriate sales available, which will include the sales of a minimum of two site-built homes. You'll receive pictures of the HUD Plate, MH Advantage sticker, sidewalk, and driveway as part of the appraisal and you'll use these to confirm that the property is eligible for MH Advantage. You'll need to retain these photos as part of the loan file. See the *Selling Guide* B2-3-02 for specific appraisal requirements.

Step 5: Close and deliver

Now that the appraiser has sent you the completed appraisal, you can close the loan. The loan is ready for sale to Fannie Mae.

Congratulations! You completed an MH Advantage mortgage!

In addition to the borrower and appraiser you're used to working with, you'll also encounter a couple new roles when lending for MH Advantage:



Retailer

This is where the buyer will go to find and order their new manufactured home. The retailer will also be responsible for installing the home and the required driveway and sidewalk.



Manufacturer

The manufacturer builds and ships the manufactured home based on the borrower's order, including traits that make the home MH Advantage-eligible.

Summary of manufactured housing underwriting requirements for new construction transactions

Note: These requirements apply to homes eligible for both standard MH and MH Advantage.

Transaction types covered



Purchase

Purchase money transactions are those in which the mortgage proceeds are used to finance the purchase of a new manufactured home or the manufactured home and the land. The land may be previously owned by the borrower, either free of any mortgage or subject to a mortgage that will be paid off with the proceeds of the new purchase money mortgage.

Limited cash-out refinance

Available for new or existing manufactured homes, funds may be used to pay off an existing mortgage, interim construction financing, and/or consolidate the mortgage or liens on the home and land.

Sale price and original loan amount



- Includes the cost of the manufactured home and the land.
- May include costs for transportation, foundation, installation, utilities, and site improvements.
- May include removal of an existing manufactured home or other buildings as part of site preparation costs.
- All costs that are included in the mortgage must be included in the LTV calculation, and standard LTV requirements apply per the transaction type (see the Eligibility Matrix).

For full details, review [B5-2-03 Manufactured Housing Underwriting Requirements](#)

Selling Guide policies related to standard MH and MH Advantage

[B2-3-02: Special Property Eligibility and Underwriting Considerations: Factory-Built Housing \(12/14/2022\)](#) Includes MH Advantage eligibility requirements

[B4-1.1-05: Disclosure of Information to Appraisers \(12/06/2016\)](#)

[B4-1.4-01: Factory-Built Housing: Manufactured Housing \(02/01/2023\)](#)

[B5-2-05: Manufactured Housing Legal Considerations \(12/04/2019\)](#)

[B4-1.2-04: Requirements for Postponed Improvements \(02/06/2019\)](#)

Down payment



- MH Advantage requires as little as 3% down, while standard manufactured housing requires as little as 5% down payment.
- The following may be credited toward the minimum down payment requirement:
 - A borrower's equity in the land.
 - Trade equity from the borrower's existing manufactured home.

Construction and loan closing



- Once the loan closes, funds can be disbursed to acquire the lot, to order or purchase the home, and to cover payments for site preparation.
- Lenders manage funds through draws in accordance with the construction/purchase contract.
- The construction must be complete and the mortgage loan delivered with 12 months of loan closing (no extensions).
- The loan is a fully amortizing mortgage at loan closing, requiring the borrower to make payments with interest after loan closing (interest only payments during the construction phase are not allowed).
- After the loan closes, there is no requirement to update credit docs or requalify the borrower.
- The mortgage may not be delivered to Fannie Mae until the construction is complete and the property is titled as real estate. If the home has not been titled as real property before closing, the borrower must sign an Affidavit of Affixture to acknowledge their intent of converting the home to real property from personal property, and the lender must retain this document in the loan file. A title insurance policy with required manufactured housing endorsements must be provided.
- Construction completion is evidenced by a Completion Report (Form 1004D) from the appraiser.
- The lender represents and warrants that the appraised value has not declined when the mortgage is more than four months old from the note date to the delivery date.

While every effort has been made to ensure the reliability of the training content, Fannie Mae's Selling and Servicing Guides and their updates, including Guide Announcements and Release Notes, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information in the training and the Guides.