

Manufactured Homes Underwriting Reminders

Use this resource to help determine if the requirements for sale of a mortgage secured by a manufactured home to Freddie Mac are met. Refer to [Chapter 5703](#) of the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide) for complete information on manufactured homes. This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* and your other Purchase Documents.

Effective February 7, 2024, Guide Chapter 5703 has been reorganized, and Guide language has been revised for added clarity and specificity. There are no requirement updates with this announcement.

Revision History	
Effective for Mortgages with Settlement Dates on or after September 11, 2023	
Guide Bulletin 2023-13	<div>Single-wide manufactured home eligibility:</div> <ul style="list-style-type: none">• Mortgages secured by HUD Code-compliant single-wide manufactured homes that are classified as real property will be eligible for sale to Freddie Mac.• Removed the requirement for a single-wide manufactured home to be 10 years old or newer.• Must be a Loan Product Advisor® Accept mortgage.• Loan Product Advisor® (LPASM): If a value is not provided for width type, LPA will default the Manufactured Home Width Type (Unique ID 46.00) to “SingleWide” instead of “MultiWide”. Feedback Message DQC0657 will indicate that Manufactured Home Width Type has been defaulted to “SingleWide”. <div>Updated appraisal requirements, refer to Guide Section 5703.10:</div> <ul style="list-style-type: none">• Identified information that must be provided to the appraiser when the manufactured home is not yet attached to the land.• Requires photos of the HUD Data Plate and HUD Certification Label(s).• Provided additional guidance related to the cost approach.
Effective September 6, 2023	
Guide Bulletin 2023-18	<div>Cash-out refinance updates:</div> <ul style="list-style-type: none">• When the purpose of the cash-out refinance mortgage is to convert the manufactured home to legally classified real property the mortgage being refinanced does not need to be seasoned for at least 12 months.• Title seasoning requirement for properties owned free and clear: We have reduced the requirement to allow for at least one borrower to be on title to the subject property for at least 6 months prior to the Note Date for properties owned free and clear.

Note: Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes.

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Topic	Reminder	✓
<p>Manufactured Home Requirements</p> <p>Note: This section has been updated in accordance with the expanded eligibility for single-wide manufactured homes effective September 11, 2023</p>	<ul style="list-style-type: none">• Single-wide or multiwide, 1-unit dwelling.• Located on an individual lot or a unit within a Condominium Project or Planned Unit Development. Note: If a single-wide manufactured home is in a Condominium Project or PUD, the project eligibility must be determined through a reciprocal review, and the requirements in Section 5701.9 must be met.• Built on or after June 15, 1976.• At least 12-ft wide, with a minimum of 600 sq. ft. of gross living area. Note: This requirement does not apply when the manufactured home is an Accessory Dwelling Unit (ADU). Refer to Guide Section 5601.2 for manufactured home ADU requirements.• The square footage and room dimensions must be acceptable to typical purchases in the market area.• Built on a permanent chassis in compliance with the applicable HUD Codes for Manufactured Homes (HUD Codes) in effect as of the date the manufactured home was manufactured.<ul style="list-style-type: none">◦ The HUD certification label (metal plate) affixed to the exterior of each transportable section and HUD data plate/compliance certificate (paper label) mounted inside the manufactured home and must be present and legible. If either are not present or not legible, refer to Guide Section 5703.3 for acceptable alternative documentation as evidence of compliance. Note: The HUD Data Plate section of the Manufactured Home Appraisal Report (Form 70B) must be completed with the information from both sources.• Legally classified as real property.• Permanently affixed to a permanent foundation in a way that makes it part of the real property.• The wheels, axles, and towing hitches must be removed from the manufactured home.• Anchoring system must comply with the HUD Codes.<ul style="list-style-type: none">◦ Anchoring systems refer to all components of the anchoring and support systems such as piers, footings, ties, anchoring equipment, anchoring assemblies, and any other equipment, materials, and methods of construction that support and secure the manufactured home to the ground. Note: If the manufactured home was installed prior to October 20, 2008, the anchoring system must comply with the manufacturer's design or with a design by a licensed (registered) professional engineer.• The permanent foundation must be designed for the site conditions, home design features, and the loads the home was designed to withstand in accordance with the manufacturer's instructions or a design by a licensed (registered) professional engineer. The foundation must meet all local, State or federal codes, as applicable. Note: An appraisal report completed on an existing manufactured home can serve as evidence the installation was in compliance with HUD Codes and the foundation was designed for the site conditions and home design features and meets local, State and federal codes, as applicable.• Must be permanently affixed to the original permanent foundation, in compliance with the HUD Codes.	



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Manufactured Home Requirements (cont'd)	<p>Note: If the foundation was installed prior to October 20, 2008, the foundation must be designed for the site conditions, home design features, and the loads the home was designed to withstand, in accordance with the manufacturer's instructions or with a design by a licensed (registered) professional engineer.</p> <ul style="list-style-type: none">• The foundation must meet all applicable local, State and federal codes.• Permanently connected to utilities in compliance with the HUD Codes. Utilities include power, water and a sewage disposal system.• New installation: the loan file must contain evidence that the manufactured home was installed in compliance with applicable HUD Codes.• Must conform to all applicable user restrictions and must be zoned for residential use and not commercial or business uses.• The land on which the manufactured home is situated must be owned by the borrower in fee simple, except:<ul style="list-style-type: none">○ If located in a Condominium Project and if the Condominium Project complies with the project eligibility requirements in Section 5703.5 or Section 5701.9.○ If located on a leasehold estate that meets the requirements in Chapter 5706 are eligible with prior written approval.• If any structural modification or add-ons have been made to a 1-unit dwelling and any portion of the 1-unit dwelling is a manufactured home, the mortgage securing such property must be delivered as a manufactured home in compliance with the requirements of Chapter 5703.<ul style="list-style-type: none">○ Any structural modifications to an existing manufactured home must be verified as approved by a licensed professional engineer or the local, State or federal authority.• Any improvements, modifications or repairs that affect the safety, soundness or habitability of the manufactured home must be completed prior to the sale of the mortgage to Freddie Mac.	
Occupancy	<p>Multi-wide manufactured home:</p> <ul style="list-style-type: none">• Must be a primary residence or second home. <p>Single-wide manufactured home:</p> <ul style="list-style-type: none">• Must be a primary residence. <p>Note: Investment property mortgage secured by a manufactured home is ineligible for delivery.</p>	
Loan Purpose	<p>Multi-wide manufactured home:</p> <ul style="list-style-type: none">• Purchase transaction.• Refinance ("no cash-out" and cash-out) transaction. <p>Single-wide manufactured home:</p> <ul style="list-style-type: none">• Purchase transaction.• No cash-out refinance transaction.	



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Purchase transactions	<p>The loan proceeds are used to finance the purchase of the:</p> <ul style="list-style-type: none">• Manufactured home, and• May also be used to purchase the land when the borrower does not separately own the land. <p>Purchase price may include:</p> <ul style="list-style-type: none">• Documented costs for delivery and setup, anchoring on a permanent foundation system, site development, installation, and permanent utility connections, including well and/or septic systems.• Credits for wheels and axles, and any manufactured home retailer rebates, must be deducted from the purchase price along with any sales concessions in accordance with Section 5501.5.• Loan proceeds may not be used for any other costs, including financing of any forms of insurance, except for mortgage insurance, or other costs is not allowed for purchase transactions. <p>NOTE: If construction conversion, mortgage proceeds may be used to acquire the manufactured home and pay construction costs, including costs to install and anchor the manufactured home on a permanent foundation system. Refer to Guide Section 4602.5.</p> <p>Information provided to appraiser for new manufactured homes:</p> <ul style="list-style-type: none">• A complete copy of the executed contract for sale of the manufactured home and the land or if separate contracts, each are required. <p>NOTE: If ownership of the land is 12 months or more as of the application received date the contract for the land is not required.</p> <ul style="list-style-type: none">• A copy of manufacturer's invoice and Manufactured Home Purchase Agreement must be obtained by the Seller and provided to the appraiser.• When the manufactured home is new and not yet affixed to the land, the appraiser must have access to the plans and specifications or an existing model manufactured home and may complete the appraisal report based on either the plans and specifications or the existing model manufactured home.	
"No Cash-out" Refinance Transactions	<p>Mortgage proceeds are limited to:</p> <ul style="list-style-type: none">• Payoff of the principal and interest due, including a balance deferred under a loss mitigation plan, for the existing first mortgage and if applicable, junior lien(s) secured by the manufactured home and land.• Payoff of any costs or fees associated with the satisfaction and release of the existing mortgage(s) (e.g., late fees, prepayment penalties, etc.).• Pay related closing costs, financing costs and prepaids/escrows in conjunction with this transaction.• Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or \$2,000.• Meet the requirements in Section 4301.4. <p>EXCEPTION: If a Construction Conversion Mortgage, mortgage proceeds may be used to acquire the manufactured home and pay construction costs, including costs to install and anchor the manufactured home on a permanent foundation system on land owned by the borrower. Refer to Guide Section 4602.5.</p>	



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Cash-out Refinance Transactions	<p>To be eligible for a cash-out refinance, the borrower must have owned both the manufactured home and land for 12 months or more prior to the Note Date, unless the property is owned free and clear.</p> <ul style="list-style-type: none">○ If owned free and clear, at least one borrower must have been on the title of the subject property for at least six months prior to the Note Date. <p>Mortgage proceeds may be used to, but not limited to:</p> <ul style="list-style-type: none">• Payoff existing mortgage(s) and, if applicable, any junior lien(s) secured by the manufactured home and land. NOTE: When the purpose of the cash-out refinance is to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months.• Payoff existing liens if the manufactured home and land are separately encumbered and the purpose of the cash-out refinance mortgage is to convert the manufactured home to legally classified real property under applicable State law. NOTE: If converting the manufactured home to legally classified real property, the 12 month seasoning requirement does not apply.• Obtain a mortgage on a property owned free and clear by the borrower.• Cash disbursement to the borrower(s) above the no cash-out refinance allowable disbursement.• Must meet the requirements in Section 4301.5(b). <p>REMINDER: A single-wide manufactured home is not eligible for a cash-out refinance.</p>	
Maximum LTV/TLTV/HTLTV	<p>Refer to Guide Section 5703.9. If a Construction Conversion Mortgage, also refer to Guide Section 4602.10.</p> <p>Also refer to the section, How to Determine the LTV/TLTV/HTLTV Ratios for a Manufactured Home Transaction, for additional information and examples.</p>	
Maximum Loan Terms	<div><p>Primary residence</p><p>Purchase or “no-cash-out” refinance:</p><ul style="list-style-type: none">• Loan Product Advisor® (LPASM) accept risk class mortgage: 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 95%.• A mortgage that was submitted to LPA and received an evaluation status of invalid, ineligible or incomplete, or a risk class of caution:<ul style="list-style-type: none">○ 20-year term with LTV/TLTV/HTLTV ratios greater than 90% and less than or equal to 95%.○ 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 90%.<p>Cash out refinance:</p><ul style="list-style-type: none">• LPA accept risk class, or received an evaluation status of invalid, ineligible or incomplete, or a risk class of caution:<ul style="list-style-type: none">○ 20-year term with LTV/TLTV/HTLTV ratios less than or equal to 65%.</div> <div><p>Second Home</p><p>Purchase or “no-cash-out” refinance:</p><ul style="list-style-type: none">• 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 85%.</div>	



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Loan Product Advisor®	<ul style="list-style-type: none">Must be submitted to LPA. <p>NOTE: Effective September 11, 2023, a mortgage secured by a single-wide manufactured home must be an Accept mortgage.</p> <p>NOTE: Mortgages that are secured by a multiwide manufactured home that are submitted to LPA and receive a risk class of Caution, or an evaluation status of invalid, ineligible or incomplete, must be manually underwritten in accordance with the requirements of Guide Topics 5100 through 5500 and must meet the minimum indicator scores requirements in Guide Section 5201.1 and Exhibit 25, <i>Mortgages with Risk Class and/or Minimum Indicator Score Requirements</i>.</p>	
	Data Entry: <ul style="list-style-type: none">Enter “Manufactured” for the Construction Method Type, andYou must identify Width Type as single-wide or multiwide. <p>Note: If a width type is not selected LPA will default the width type to single-wide.</p>	
Mortgage Products	<ul style="list-style-type: none">Fully amortizing fixed-rate mortgage.7/6-month ARM or 10/6-month ARM.Home Possible® mortgages (refer to Guide Chapter 4501).Construction conversion (purchase or “no cash-out” refinance). <p>Refer to Guide Chapter 5703.7 for a complete list of eligible and ineligible mortgage products.</p>	
Subordinate Financing: Affordable Seconds®	Requirements for manufactured homes with Affordable Seconds: <ul style="list-style-type: none">Must be a 1-unit primary residence.Must be a Home Possible Mortgage.If in a condominium project, the applicable Guide requirements must be metMeet the requirements of Guide Chapter 4501. <p>NOTE: Mortgages with Affordable Seconds will not be assessed the Secondary Financing Credit Fee in Price. Refer to Guide Exhibit 19, <i>Credit Fees</i>.</p>	
Appraiser Requirements	The appraiser must demonstrate the knowledge and experience to perform quality appraisals for manufactured homes. Refer to Section 5703.10 for additional appraiser qualifications for appraisals of manufactured homes.	
Appraisal Requirements	In addition to the requirements of Topic 5600 the appraiser must meet the requirements of Guide Section 5703.10 . The appraisal must be reported on Form 70B, Manufactured Home Appraisal Report. NOTE: If the manufactured home is located in a condominium project, the appraiser must also report the project information on Form 465, Individual Condominium Unit Appraisal Report and attach the form as an addendum to Form 70B.	
Title and Lien Requirements	For complete title and lien requirements, refer to Guide Section 5703.4 .	



Topic	Reminder	✓
Leasehold Estates	A mortgage secured by a manufactured home on a leasehold estate is eligible for sale to Freddie Mac when there is demonstrated market acceptance and written approval is obtained. Sellers should contact their Freddie Mac representative or the Customer Support Contact Center at 800-FREDDIE for more information. Refer to Guide Chapter 5706 for requirements for a mortgage secured by a manufactured home on a leasehold estate that must be met.	
Property Taxes	Taxed as real estate or personal property according to state law and local taxing authority. See Guide Section 5703.13 for additional conditions when taxed as personal property.	
MI Requirements	The mortgage must have mortgage insurance coverage as stated in Guide Section 4701.1 . The mortgage can include borrower-paid mortgage insurance premiums as provided for in Guide Section 4701.2 .	
Freddie Mac CHOICEHome®	<ul style="list-style-type: none">• A Freddie Mac CHOICEHome is a type of manufactured home with aesthetics, architectural elements and dwelling specifications that exceed the minimum standards required for HUD-Coded manufactured homes.• Refer to Guide Section 5703.16 for more information.• The mortgage must be assessed through LPA and be an Accept mortgage. You must select the Program Identifier “CHOICEHome”.	



How to Determine LTV/TLTV/HTLTV Ratios for Manufactured Home Transactions

If Transaction Type is...	The Value Used to Determine LTV is...	For Example...
Purchase: Newly built manufactured home, never occupied , and not affixed to a permanent foundation at the time of application	The lower of: <ol style="list-style-type: none">1. The sum of the purchase price of the manufactured home and land, or2. The sum of the purchase price of the manufactured home and:<ul style="list-style-type: none">• If the borrower purchased the land less than 12 months prior to application, the lowest price at which the land sold during that 12-month period, or• If the borrower purchased the land 12 months or more prior to application, the current appraised value of the land, or3. Current appraised value of the manufactured home and land.	Scenario: Interim construction financing was used to purchase a new \$53,000 multi-wide manufactured home that was placed on a five-acre lot. The lot was purchased for \$40,000 five months ago and is currently valued at \$41,000. The current appraised value of the manufactured home and land is \$94,000. What value should be used to calculate the loan-to-value (LTV)? Answer: The value is \$93,000. <i>Here's why:</i> The value is equal to the lower of: <ol style="list-style-type: none">1. Purchase price of the manufactured home (\$53,000) and land (\$40,000) = \$93,000, or2. Appraised value of the manufactured home and land = \$94,000



If Transaction Type is...	The Value Used to Determine LTV is...	For Example...
<p>Purchase: Previously owned manufactured home that is permanently affixed to its foundation prior to the application date</p> <p>NOTE: Purchase transactions of previously owned manufactured home that are not affixed to a permanent foundation at the time of loan application are not permitted.</p>	<p>The lower of:</p> <ol style="list-style-type: none">1. The sum of the purchase price of the manufactured home and the land, or2. Current appraised value of the manufactured home and the land, or3. If the manufactured home was affixed to a permanent foundation less than 12 months prior to the application date, the lowest price at which the manufactured home sold during that 12-month period and the lower of:<ul style="list-style-type: none">• Current appraised value of the land, or• The lowest price at which the land sold during that 12-month period (provided there was such a sale).	<p>Scenario: An existing multiwide manufactured home was affixed to a permanent foundation. The manufactured home and land were sold to the property seller six months ago for \$45,000 and \$26,000, respectively. The purchase price for the current transaction is \$83,000. The appraised value is \$81,000 for the manufactured home and land, with the land valued at \$29,000. What value should be used to calculate the LTV?</p> <p>Answer: The value is \$71,000</p> <p><i>Here's why:</i></p> <p>The manufactured home was affixed to a permanent foundation less than 12 months ago, so the value should be calculated based on the lowest purchase price of the manufactured home, and the lower of the land purchase price or appraised value:</p> <ol style="list-style-type: none">1. Purchase price of the manufactured home (\$45,000) and land (\$26,000) = \$71,000, or2. Purchase price of manufactured home (\$45,000) and appraised value of land (\$29,000) = \$74,000
<p>Purchase: Existing manufactured home in a new or existing subdivision, permanently affixed to its foundation prior to the application date, and is sold by a:</p> <ul style="list-style-type: none">• Builder,• Developer, or• Manufacturer acting as a developer	<p>The lower of:</p> <ol style="list-style-type: none">1. The sum of the purchase price of the manufactured home and the land, or2. Current appraised value of the manufactured home and land.	<p>Scenario: Borrower is purchasing an existing multi-wide manufactured home from the builder located in the last section of a new subdivision. The purchase price, inclusive of the land, is \$125,000. The current appraised value of the manufactured home and land is \$130,000. What value should be used to calculate the loan-to-value (LTV)?</p> <p>Answer: The value is: \$125,000.</p> <p><i>Here's why:</i></p> <p>The value is equal to the lower of:</p> <ol style="list-style-type: none">1. Purchase price of the manufactured home and land (= \$125,000), or <p>Appraised value of the manufactured home and land (= \$130,000).</p>



If Transaction Type is...	The Value Used to Determine LTV is...	For Example...
“No Cash-out” Refinance (including a Construction Conversion Mortgage)	Current appraised value of the manufactured home and the land.	<p>Scenario: The borrowers have owned their manufactured home and land for 6 years and want to refinance to lower their interest rate. The manufactured home and land appraise for \$92,000 (the manufactured home is valued at \$60,000 and the land \$32,000). What value should be used to calculate the LTV?</p> <p>Answer: The value is \$92,000</p> <p><i>Here’s why:</i></p> <p>The value is the current appraised value of the manufactured home and land.</p>
Cash-out Refinance – Requires ownership of manufactured home and land by the borrower(s) for a minimum of 12 months prior to application	Current appraised value of manufactured home and land.	<p>Scenario: The borrowers have owned their manufactured home and land for 5 years and want to use their existing equity to make some improvements. The manufactured home and land appraise for \$92,000 (the manufactured home is valued at \$60,000 and the land \$32,000). What value should be used to calculate the LTV?</p> <p>Answer: The value is \$92,000</p> <p><i>Here’s why:</i></p> <p>The value is the current appraised value of the manufactured home and land.</p>

Equity Contributions

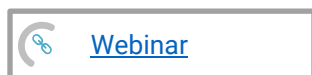
If Contribution Is...	To Determine the Maximum Equity Contribution, Use...	And Document the File With...
Land Equity	<ol style="list-style-type: none"> 1. If the land has been owned by the borrower(s) \geq 12 months prior to the application date, use current appraised value. 2. If the land has been owned by the borrower(s) $<$ 12 months prior to the application date, use the lower of: <ul style="list-style-type: none"> • Current appraised value, or • Purchase price 3. If inherited, gift, etc., use current appraised value. 	<ol style="list-style-type: none"> 1. Appraisal report. 2. Copy of the Settlement/Closing Disclosure Statement and copy of warranty deed evidencing no liens, or reflect release of liens. 3. Acquisition and transfer of ownership proof.



If Contribution Is...	To Determine the Maximum Equity Contribution, Use...	And Document the File With...
Trade Equity	<ol style="list-style-type: none">1. If the traded manufactured home has been owned by the borrower(s) more than 12 months prior to application, use 90% of retail value based on NADA Manufactured Housing Appraisal Guide.2. If the traded manufactured home has been owned by the borrower(s) less than 12 months prior to application, use the lower of:<ul style="list-style-type: none">• 90% of retail value based on NADA Manufactured Housing Appraisal Guide, or• Lowest price sold during that 12-month period.	<ul style="list-style-type: none">• Lien search results verifying ownership and existence of liens on manufactured home and land (if included).• The seller of the new manufactured home must provide proof of title transfer and satisfaction of existing liens on traded manufactured home.
	NOTE: Any costs resulting from the removal of the manufactured home or any outstanding indebtedness secured by liens on the manufactured home must be deducted from the maximum equity contribution.	
Delivery	<ul style="list-style-type: none">• For special delivery requirements, refer to Guide Section 6302.25 For fee information, refer to Exhibit 19 Credit Fees and Exhibit 19A Credit Fee Cap Eligibility Criteria.	

Resources

For additional questions and support reach out to our **Customer Support Contact Center, 1-800-FREDDIE**, or access the following resources for more information:



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