

# Manufactured Homes Underwriting Reminders

Use this quick reference 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/Service Guide* (Guide) for complete information on manufactured homes.

Topic	Reminder	✓
<b>Manufactured Home Characteristics</b>	<ul style="list-style-type: none"> <li>• Single-wide or multiwide, 1-unit dwelling</li> <li>• Built on or after June 15, 1976</li> <li>• At least 12-ft wide, with a minimum of 600 sq. ft. gross living area.  <b>Note:</b> This requirement does not apply when the manufactured home is an Accessory Dwelling Unit (ADU). Refer to Guide Section <a href="#">5601.2</a> for manufactured home ADU requirements.</li> <li>• Complete legible HUD certification label (metal plate) affixed to the exterior of each transportable section <b>and</b> HUD data plate/compliance certificate (paper label) mounted inside the manufactured home. If either is not present or not legible, refer to Guide Section 5703.2(a) for acceptable alternative documentation as evidence of compliance.</li> <li>• Built on a permanent chassis in compliance with HUD Codes for Manufactured Homes (HUD Codes) in effect as of the date the manufactured home was constructed</li> <li>• Permanently affixed to the original permanent foundation in a way that makes it part of the real property. The wheels, axels, and towing hitches must be removed</li> <li>• Anchoring system must comply with the HUD Codes  <b>Note:</b> If installed prior to October 20, 2008, the anchoring system complies with manufacturer's design or design of licensed engineer</li> <li>• <b>New installation:</b> the loan file must contain evidence that the manufactured home was installed in compliance with applicable HUD Codes</li> <li>• Foundation designed for site conditions, home design features and loads the home was designed to withstand in accordance with manufacturer's instructions or engineer design. Foundation must comply with all local, state and federal codes, as applicable.  <b>Note:</b> 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.</li> <li>• Permanently connected to utilities</li> <li>• Legally classified as real property  <b>Note:</b> Any structural modifications to an existing manufactured home must be approved by a licensed professional engineer or the local, state or federal authority (refer to Guide Section 5703.2(b)). <b>In addition</b>, if any structural modifications or add-ons have been made to a 1-unit dwelling and any portion of the dwelling is a manufactured home, the mortgage securing such property must be delivered as a manufactured home in compliance with Guide Chapter <a href="#">5703</a>.</li> </ul>	
<b>Occupancy</b>	Primary residence or second home. Investment properties are ineligible for delivery.	



Topic	Reminder	✓
Property Location	<ul style="list-style-type: none"> <li>• Zoned for residential use</li> <li>• Single-wide:               <ul style="list-style-type: none"> <li>○ On an individual lot or in a subdivision if the Seller obtains Freddie Mac's written approval to sell such Mortgage to Freddie Mac. Contact your Freddie Mac representative or the Customer Support Contact Center (1-800 FREDDIE). For a mortgage to be eligible it must be a:                   <ul style="list-style-type: none"> <li>▪ Primary residence</li> <li>▪ Purchase or no cash-out refinance</li> <li>▪ Date of manufacture that is 10 years or less as of the effective date of the appraisal</li> </ul> </li> <li>○ In a PUD or condominium. If located in a condominium project it is eligible for sale to Freddie Mac if Seller ensures compliance with the project eligibility requirements in either Guide Section 5701.5 or Guide Section 5701.9.</li> <li>○ In a leasehold. If located on a leasehold estate it is eligible for sale to Freddie Mac with prior written approval and must meet the requirements in Guide Chapter 5706.</li> </ul> </li> <li>• Multiwide – In PUD, individual lot or subdivision (refer to Guide Chapter <a href="#">5702</a>)</li> </ul>	
Loan Product Advisor®	<ul style="list-style-type: none"> <li>• Must be submitted to Loan Product Advisor</li> <li>• Enter “Manufactured” for the <b>Construction Method Type</b> and identify <b>Width Type</b> as single-wide or multiwide.</li> </ul> <p><b>NOTE:</b> Loans that are submitted to Loan Product Advisor 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>	
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Refinance (“no cash-out” and cash-out)</li> </ul>	
Mortgage Products	<ul style="list-style-type: none"> <li>• Fully amortizing fixed-rate mortgage</li> <li>• 7/6-month ARM or 10/6-month ARM</li> <li>• Home Possible® mortgages (refer to Guide Chapter 4501)</li> <li>• Construction conversion (purchase or “no cash-out” refinance)</li> <li>• Refer to Guide Chapter <a href="#">5703.3</a> for a complete list of eligible and ineligible mortgage products</li> </ul>	
Maximum Loan Terms	<p><b>Primary residence</b></p> <ul style="list-style-type: none"> <li>• Purchase or “no-cash-out” refinance accept mortgage - 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 95%</li> <li>• Purchase or “no-cash-out” refinance mortgage, or a mortgage that was submitted to Loan Product Advisor and received an evaluation status of invalid, ineligible or incomplete, or a risk class of caution:           <ul style="list-style-type: none"> <li>○ 20-year term with LTV/TLTV/HTLTV ratios greater than 90% and less than or equal to 95%</li> <li>○ 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 90%</li> </ul> </li> </ul>	



Topic	Reminder	✓
	<ul style="list-style-type: none"> <li>Cash out refinance - 20-year term with LTV/TLTV/HTLTV ratios less than or equal to 65%</li> </ul> <p><b>Second Home</b></p> <ul style="list-style-type: none"> <li>Purchase or “no-cash-out” refinance - 30-year term with LTV/TLTV/HTLTV ratios less than or equal to 85%</li> </ul>	
Purchase transactions	<p>Mortgage proceeds may be used for:</p> <ul style="list-style-type: none"> <li>Manufactured home and the land when the borrower does not separately own the land</li> <li>Documented costs for delivery and setup, site development, installation, and utility connection</li> </ul> <p>If subject is a new manufactured home as identified in Section 5703.1, a copy of manufacturer’s invoice and manufactured home purchase agreement must be obtained by the Seller and a complete copy of the executed contract for sale of the manufactured home and the land or if separate contracts, each is required.</p> <p><b>NOTE:</b> If ownership of the land is 12 months or more as of the application date the contract for the land is not required.</p> <p><b>EXCEPTION:</b> 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><b>NOTE:</b> Credits for wheels/axles, retailer rebates, and sales concessions must be deducted from purchase price.</p>	
“No Cash-out” Refinance Transactions	<p>Mortgage proceeds are limited to:</p> <ul style="list-style-type: none"> <li>Payoff of the existing first mortgage secured by the manufactured home and land</li> <li>Payoff of the existing mortgage or junior lien(s) obtained by the borrower solely to acquire either the manufactured home or the land if the manufactured home and land are separately encumbered</li> <li>Payment of related closing costs, financing costs and prepaids/escrows in conjunction with this transaction</li> <li>Disbursements of cash to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or \$2,000</li> </ul> <p><b>EXCEPTION:</b> 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 on land owned by the borrower. Refer to Guide Section <a href="#">4602.5</a>.</p>	
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 application date. Mortgage proceeds may be used for:</p> <ul style="list-style-type: none"> <li>Payoff of existing mortgage(s) secured by the manufactured home and land</li> <li>Payoff of existing liens if the manufactured home and land are separately encumbered</li> <li>Obtain a mortgage on a property owned free and clear by the borrower</li> </ul>	



Topic	Reminder	✓
	<ul style="list-style-type: none"> <li>Cash disbursement to borrower(s)</li> </ul>	
<b>Maximum LTV/TLTV/HTLTV</b>	Refer to Guide Section <a href="#">5703.3</a> . If construction conversion mortgage, also refer to Guide Section <a href="#">4602.10</a> .	
<b>Subordinate Financing: Affordable Seconds®</b>	Requirements for manufactured homes with Affordable Seconds: <ul style="list-style-type: none"> <li>Must be a 1-unit primary residence</li> <li>Must be a Home Possible Mortgage</li> <li>If in a condominium project, the applicable Guide requirements must be met</li> </ul> <p><b>NOTE:</b> 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>	
<b>Appraisal</b>	The appraisal must meet the requirements of Guide Section 5703.6, including: <ul style="list-style-type: none"> <li>Appraisal reported on Form 70B, Manufactured Home Appraisal Report</li> <li>The HUD data plate section of the Form 70B must be completed with the information from both the HUD certification label and HUD data plate/compliance certificate</li> </ul> <p><b>NOTE:</b> 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.</p>	
<b>Title and Lien Requirements</b>	A manufactured home must be described in the Security Instrument and the description must include: <ul style="list-style-type: none"> <li>Year manufactured</li> <li>Make</li> <li>Model</li> <li>Serial number/VIN number(s) for each section of the manufactured home</li> <li>Any other information required by applicable law</li> </ul> <p>Other required legal documentation:</p> <ul style="list-style-type: none"> <li>Manufactured home is legally classified as real property</li> <li>Manufactured home is properly titled (title insurance with ALTA Form 7.1 endorsement (where available), or ALTA 7.0 endorsement or equivalent endorsement)</li> <li>Lien on the manufactured home and the land on which it is permanently affixed secures the mortgage, and the lien has been properly created, evidenced and perfected.</li> <li>Borrower affidavit acknowledging intent for the manufactured home to be permanently part of the real property securing the mortgage</li> </ul> <p><b>NOTE:</b> For complete title and lien requirements, refer to Guide Section <a href="#">5703.7</a>.</p>	
<b>Leasehold Estates</b>	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 <a href="#">5706</a> for requirements for a mortgage secured by a manufactured home on a leasehold estate that must be met.	



Topic	Reminder	✓
Property Taxes	Taxed as real estate or personal property according to state law and local taxing authority. See Guide section 5703.8 for additional conditions when taxed as personal property.	
MI Requirements	Refer to Guide Section <a href="#">5703.3(f)</a> .	
Freddie Mac CHOICEHome®	<ul style="list-style-type: none"> <li>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</li> <li>Refer to Guide Section <a href="#">5703.9</a> for more information</li> <li>The mortgage must be assessed through Loan Product Advisor® and be an Accept Mortgage. You must select the Offering Identifier “CHOICEHome”</li> </ul>	

### Determining Value for Manufactured Home Transactions

If Transaction Type is...	The Value Used to Determine LTV is...	For Example...
<b>Purchase:</b> <b>Newly built</b> manufactured home, <b>never occupied</b> , and <b>not affixed</b> to a permanent foundation at the time of application	The lower of: <ol style="list-style-type: none"> <li>The sum of the purchase price of the manufactured home and land, <b>or</b></li> <li>The sum of the purchase price of the manufactured home <b>and</b>:               <ul style="list-style-type: none"> <li>If the borrower purchased the land <b>less than 12 months</b> prior to application, the lowest price at which the land sold during that 12-month period, <b>or</b></li> <li>If the borrower purchased the land <b>12 months or more</b> prior to application, the current appraised value of the land, <b>or</b></li> </ul> </li> <li>Current appraised value of the manufactured home and land</li> </ol>	<b>Scenario:</b> 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)? <b>Answer:</b> The value is \$93,000. <i>Here's why:</i> The value is equal to the <b>lower of</b> : <ol style="list-style-type: none"> <li>Purchase price of the manufactured home (\$53,000) and land (\$40,000) = \$93,000, or</li> <li>Appraised value of the manufactured home and land = \$94,000</li> </ol>



If Transaction Type is...	The Value Used to Determine LTV is...	For Example...
<p><b>Purchase:</b>  <b>Previously owned</b> manufactured home that is <b>permanently affixed</b> to its foundation prior to the application date</p> <p><b>NOTE:</b> 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"> <li>1. The sum of the purchase price of the manufactured home and the land, <b>or</b></li> <li>2. Current appraised value of the manufactured home and the land, <b>or</b></li> <li>3. If the manufactured home was affixed to a permanent foundation <b>less than 12 months</b> prior to the application date, the lowest price at which the manufactured home sold during that 12-month period and <b>the lower of:</b> <ul style="list-style-type: none"> <li>• Current appraised value of the land, or</li> <li>• The lowest price at which the land sold during that 12-month period (provided there was such a sale)</li> </ul> </li> </ol>	<p><b>Scenario:</b> 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><b>Answer:</b> 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"> <li>1. Purchase price of the manufactured home (\$45,000) and land (\$26,000) = \$71,000, or</li> <li>2. Purchase price of manufactured home (\$45,000) and appraised value of land (29,000) = \$74,000</li> </ol>
<p><b>Purchase:</b>  <b>Existing</b> manufactured home in a <b>new or existing subdivision, permanently affixed</b> to its foundation prior to the application date, <b>and</b> is <b>sold by</b> a:</p> <ul style="list-style-type: none"> <li>• Builder,</li> <li>• Developer, or</li> <li>• Manufacturer acting as a developer</li> </ul>	<p>The lower of:</p> <ol style="list-style-type: none"> <li>1. The sum of the purchase price of the manufactured home and the land, <b>or</b></li> <li>2. Current appraised value of the manufactured home and land</li> </ol>	<p><b>Scenario:</b> 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><b>Answer:</b> 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"> <li>1. Purchase price of the manufactured home and land (= \$125,000), or</li> </ol> <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...
<b>“No Cash-out” Refinance (including a Construction Conversion Mortgage)</b>	Current appraised value of the manufactured home and the land	<p><b>Scenario:</b> 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><b>Answer:</b> The value is \$92,000</p> <p><i>Here’s why:</i> The value is the current appraised value of the manufactured home and land.</p>
<b>Cash-out Refinance –</b> Requires ownership of manufactured home and land by the borrower(s) for a <b>minimum of 12 months</b> prior to application	Current appraised value of manufactured home and land	<p><b>Scenario:</b> 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><b>Answer:</b> The value is \$92,000</p> <p><i>Here’s why:</i> 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...
<b>Land Equity</b>	<ol style="list-style-type: none"> <li>If the land has been <b>owned by the borrower(s) <math>\geq</math> 12 months prior to the application date</b>, use current appraised value</li> <li>If the land has been <b>owned by the borrower(s) <math>&lt;</math> 12 months prior to the application date</b>, use the lower of: <ul style="list-style-type: none"> <li>Current appraised value, or</li> <li>Purchase price</li> </ul> </li> <li><b>If inherited, gift, etc.</b>, use current appraised value</li> </ol>	<ol style="list-style-type: none"> <li>Appraisal report</li> <li>Copy of the Settlement/Closing Disclosure Statement and copy of warranty deed evidencing no liens, or reflect release of liens</li> <li>Acquisition and transfer of ownership proof</li> </ol>



If Contribution Is...	To Determine the Maximum Equity Contribution, Use...	And Document the File With...
<b>Trade Equity</b>	<ol style="list-style-type: none"> <li>1. If the traded manufactured home has been <b>owned by the borrower(s) more than 12 months</b> prior to application, use 90% of retail value based on NADA Manufactured Housing Appraisal Guide.</li> <li>2. If the traded manufactured home has been <b>owned by the borrower(s) less than 12 months</b> prior to application, use the lower of:               <ul style="list-style-type: none"> <li>• 90% of retail value based on NADA Manufactured Housing Appraisal Guide, or</li> <li>• Lowest price sold during that 12-month period</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• Lien search results verifying ownership and existence of liens on manufactured home and land (if included)</li> <li>• Proof of title transfer and satisfaction of existing liens on traded manufactured home</li> </ul>
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• For special delivery requirements, refer to Guide Section 6302.25</li> </ul> For fee information, refer to <a href="#">Exhibit 19 – Credit Fees in Price.</a>	

## 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:

 [Webinar](#)

 [Manufactured Home Tutorial](#)

 [Manufactured Home webpage](#)

This information is not a replacement or substitute for the requirements found in the *Freddie Mac Single-Family Seller/Service Guide* and other applicable Purchase Documents.

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