



## Manufactured Homes

### Expanding home ownership opportunities

Our requirements for manufactured homes are designed so that the mortgages we purchase are originated, underwritten, and serviced to help qualified borrowers buy homes they can afford and maintain. Lenders need to understand the requirements for titling manufactured homes and perfecting liens on the manufactured home in each state where mortgages secured by manufactured homes are originated.

#### > Borrower Profile

- Low- and moderate-income borrowers

#### > Key Features

- A minimum 5 percent down payment must come from borrower personal funds
- All mortgages secured by manufactured homes must be submitted to Loan Prospector®

#### > Borrower Benefits

- Offer terms similar to conventional financing when you originate mortgages secured by manufactured homes legally classified as real property
- Provide financing flexibility with a choice of fixed-rate, 7/1 ARMs or 10/1 ARMs

## ORIGINATION & UNDERWRITING REQUIREMENTS

<b>Eligible Property Type</b>	<ul style="list-style-type: none"> <li>▪ 1-unit primary residence</li> <li>▪ 1-unit second homes</li> </ul>
<b>Eligible Manufactured Homes</b>	<p><b>To be eligible for sale to Freddie Mac, manufactured homes must:</b></p> <ul style="list-style-type: none"> <li>▪ Be built on a permanent chassis in compliance with the applicable HUD codes for manufactured homes in effect as of the date the manufactured home was constructed.</li> <li>▪ Have a "HUD Certification Label" permanently affixed to each transportable section of the manufactured home evidencing compliance with HUD codes.</li> <li>▪ Be legally classified as real property and it must be a 1-unit dwelling that is permanently affixed to a permanent foundation.</li> <li>▪ Have a permanent foundation designed for the site conditions, home design features, and the loads the home was designed to withstand that meets all local, state and federal codes as applicable.</li> <li>▪ Have an anchoring system that complies with HUD codes.</li> <li>▪ Be at least 12 feet wide and have a minimum of 600 sq. ft. of gross living area.</li> <li>▪ Have been built on or after June 15, 1976.</li> <li>▪ If any portion of a 1-unit dwelling is a manufactured home, regardless of any structural modifications or add-ons, the mortgage must meet the eligibility and delivery requirements in Guide Chapter H33.</li> <li>▪ The wheels, axles, and towing hitches must be removed from the manufactured home.</li> <li>▪ The land on which the manufactured home is situated must be owned by the borrower in fee simple.</li> <li>▪ Mortgages secured by manufactured homes located in a condominium project are eligible if project eligibility is determined through reciprocal review. See Guide Section 42.9.</li> <li>▪ The manufactured home must be permanently connected to utilities as defined in Guide Section H33.2 (b) and be in compliance with HUD codes.</li> <li>▪ The mortgaged premises must conform to all applicable use restrictions and be zoned for residential use.</li> <li>▪ The square footage and room dimensions must be acceptable to typical purchasers in the market area.</li> <li>▪ 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.</li> </ul>
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>▪ 15-, 20-, or 30-year fixed-rate mortgages</li> <li>▪ 7/1, 10/1 ARMs</li> <li>▪ Purchase, no cash-out refinances, and cash-out refinances</li> <li>▪ Home Possible<sup>®</sup> Mortgages may be secured by manufactured homes, subject to conditions</li> <li>▪ A purchase or no cash-out refinance Construction Conversion Mortgage</li> </ul>
<b>Ineligible Mortgage Products</b>	<ul style="list-style-type: none"> <li>▪ ARMs, other than 7/1 ARM and 10/1 ARM</li> <li>▪ Non-Loan Prospector mortgages that have never been submitted to Loan Prospector</li> <li>▪ Mortgages subject to a temporary subsidy buydown</li> <li>▪ Renovation Mortgages</li> <li>▪ Seller-owned Converted Mortgages</li> <li>▪ Seller-owned Modified Mortgages</li> <li>▪ Investment Property Mortgages</li> <li>▪ Seasoned mortgages</li> <li>▪ Leasehold mortgages</li> <li>▪ Mortgages securing a manufacturing home that was moved from its original site and was previously occupied or installed on a permanent foundation</li> <li>▪ Mortgages with proceeds that are used to pay the outstanding balance under a land contract or contract for deed</li> </ul>
<b>Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>▪ Must be submitted to Loan Prospector and receive a risk class of Accept or Caution with an A-minus eligible for purchase message.</li> <li>▪ Mortgages that are submitted to Loan Prospector and receive a risk class of Caution and no A-minus eligible purchase message, or an evaluation status of invalid, ineligible or incomplete must be manually underwritten in accordance with the requirements of Guide Chapter 37 and must meet the minimum Indicator Scores in Guide Exhibit 25.</li> <li>▪ For purchase transactions a minimum down payment of 5 percent must come from borrower personal funds.</li> <li>▪ If the borrower owns the land on which the manufactured home is being permanently attached, the land may be used as an equity contribution under the conditions defined in Guide Section H33.5 (c).</li> <li>▪ If the subject transaction involves trade equity from the borrower's existing manufactured home, the requirements of Guide Section H33.5 (d) must be met.</li> <li>▪ A manufactured home adds a layer of collateral risk that must be considered when evaluating the overall risk of the mortgage using the "three Cs" (credit reputation, capacity and collateral). Sellers must consider this in evaluating the overall risk of the mortgage. See Guide Section 37.1 for more information.</li> <li>▪ Values for calculating LTV ratios depend on factors such as:             <ul style="list-style-type: none"> <li>○ Whether the manufactured home is newly built or previously owned.</li> <li>○ Whether or not the manufactured home is affixed to a permanent foundation at the time of the loan application.</li> </ul> </li> </ul>

**ORIGINATION & UNDERWRITING REQUIREMENTS**

**Maximum Loan Terms and LTV/TLTV/HTLTV Ratios**

See the chart below and Guide Section H33.3 (d) and (e) for more information on maximum loan term and LTV/TLTV/HTLTV ratios for mortgages secured by manufactured homes.

<b>PURCHASE AND NO CASH-OUT REFINANCE TRANSACTIONS</b>				
<b>ACCEPT MORTGAGES</b> (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o secondary financing	Max. LTV w/secondary financing	Max. TLTV w/secondary financing	Max. HTLTV w/secondary financing
Primary Residence	95%	90%	95%	95%
<b>A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE</b> (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o secondary financing	Max. LTV w/secondary financing	Max. TLTV w/secondary financing	Max. HTLTV w/secondary financing
Primary Residence	90%	85%	90%	90%
<b>A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE</b> (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy type	Max. LTV w/o secondary financing	Max. LTV w/secondary financing	Max. TLTV w/secondary financing	Max. HTLTV w/secondary financing
Primary Residence	95%	90%	95%	95%
<b>ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE</b> (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o secondary financing	Max. LTV w/secondary financing	Max. TLTV w/secondary financing	Max. HTLTV w/secondary financing
Second Home	85%	80%	85%	85%
<b>CASH-OUT REFINANCE TRANSACTIONS</b>				
<b>ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE</b> (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy type	Max. LTV w/o secondary financing	Max. LTV w/secondary financing	Max. TLTV w/secondary financing	Max. HTLTV w/secondary financing
Primary Residence	65%	60%	65%	65%

**Mortgage Insurance Requirements**

- Must have mortgage insurance coverage specified in Guide Section H33.3 (f).
- Can include borrower-paid mortgage insurance premiums as provided in Guide Section 27.1.1.

**Appraisal Requirements**

- An interior and exterior appraisal that meets Freddie Mac requirements including the requirements of Guide Section H33.6.
- Additional appraiser qualifications are required for evaluating manufactured homes. See Guide Section H33.6(a).
- A completed Form 70B, *Manufactured Home Appraisal Report*, is required
- Seller must provide the appraiser additional information as part of the manufactured home evaluation. See Guide Section H33.6(b).
  - A complete copy of the executed contract from the sale of the manufactured home and the land, or if separate contracts, the executed contract for each. If the borrower has owned the land for 12 months or more, a copy of the executed contract for the land is not required.
  - A copy of the manufacturer's invoice and manufactured home purchase agreement under certain conditions.
  - If the manufactured home was installed after October 20, 2008, the Seller must provide the appraiser with a copy of the Certification of Installation or the comparable state-specific form, and any additional information the appraiser may require.
- A detailed cost approach to value that is based on published sources and supported by market data is required for all manufactured home appraisals.
  - It must, at a minimum, provide the information indicated in Form 70B and provide sufficient information and data to allow the Seller and other reviewers to replicate the cost figures and calculations.
  - The cost approach and sales comparison approach to value are complementary for the valuation of manufactured housing and must support the final value conclusion.

## ORIGINATION & UNDERWRITING REQUIREMENTS

<b>Title/Lien Requirements</b>	<p>The mortgage secured by the manufactured home must meet all title and lien requirements in Guide Section H33.7.</p> <ul style="list-style-type: none"> <li>▪ The mortgage must be a perfected first lien security interest on real estate that consist of the manufactured home and the land on which it is permanently affixed.</li> <li>▪ The manufactured home must be legally classified as real property under applicable state law, including relevant statutes, regulations and judicial decisions.</li> <li>▪ Sellers must be familiar with and able to comply with all state laws and regulations necessary to ensure the property securing the mortgage, including the manufactured home, is real property, and must be aware of all state laws relating to titling the manufactured home and creating and perfecting liens on the manufactured home. See Guide Section H33.7 for requirements regarding non-certificate of title states, certificate of title surrender states, and certificate of title states.</li> <li>▪ The mortgage must be covered under a standard real estate title insurance policy that complies with Guide Chapter 39.</li> <li>▪ Sellers must provide one of the following title policy endorsements for each manufactured home: <ul style="list-style-type: none"> <li>○ An ALTA Form 7.1, where available, or ALTA Form 7 endorsement*.</li> <li>○ An endorsement required in the applicable jurisdiction that insures that the manufactured home constitutes real property, such as the T-31 endorsement in the State of Texas.</li> </ul> </li> <li>▪ Sellers must provide the closing agent with closing instructions and obtain an insured closing protection letter from the title company.</li> </ul> <p>*The ALTA Form 7 endorsement does not ensure the manufactured home has been properly converted to real property. If the state has statutory, regulatory or formal administrative processes for surrendering and canceling a certificate of title, the Seller is responsible for ensuring that all steps necessary to convert the manufactured home to real property have been completed and documentation evidencing the conversion is in the mortgage file.</p>
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<b>Property Tax Requirement</b>	<ul style="list-style-type: none"> <li>▪ If state law or the local taxing authority requires or permits the mortgaged premises to be taxed as real estate, the premises must be taxed as real estate by the jurisdiction where it is located.</li> <li>▪ If state law or local taxing authority requires mortgaged premises to be taxed as personal property, mortgaged premises may be taxed as personal property provided certain conditions are met. See Guide Section H33.8.</li> </ul>
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<b>Loan Document Requirements</b>	<ul style="list-style-type: none"> <li>▪ Sellers must maintain documentation in the mortgage file evidencing that: <ul style="list-style-type: none"> <li>○ The manufactured home is legally classified as real property</li> <li>○ The manufactured home is properly titled</li> <li>○ The lien on the manufactured home and the land on which it is permanently affixed has been properly created, evidenced and perfected.</li> </ul> </li> <li>▪ The documentation must include the serial number(s)/VIN number(s) for each section of the manufactured home.</li> <li>▪ Guide Section H33.7(c) provides details on special documentation requirements for non-certificate of title states, certificate of title surrender states, and certificate of title states. Note: mortgages secured by manufactured homes in certificate of title states are not eligible for registration with MERS.</li> <li>▪ The manufactured home and the land must be evidenced by a valid and enforceable single real estate First Lien Security Instrument that includes the manufactured home as part of the real property collateral and is recorded in the land records. See Guide Section H33.7(e).</li> </ul>
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## DELIVERY REQUIREMENTS

<b>Eligible Executions</b>	<ul style="list-style-type: none"> <li>▪ Servicing-retained Cash</li> <li>▪ Servicing-released Cash*</li> <li>▪ WAC ARM Cash</li> <li>▪ Fixed-rate Guarantor</li> <li>▪ WAC ARM Guarantor</li> <li>▪ MultiLender Swap</li> </ul> <p>*See our <a href="#">selling system availability matrix</a> for a list of specific fixed-rate mortgages eligible for sale best efforts or mandatory, servicing released.</p>
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<b>Postsettlement Delivery Fees/Delivery Requirements</b>	<ul style="list-style-type: none"> <li>▪ See Guide Section 17.31 for special delivery requirements. Sellers must deliver the following ULDD Data Points: <ul style="list-style-type: none"> <li>○ <i>Construction Method Type</i>: "manufactured"</li> <li>○ <i>IFI 951</i>: If the manufactured home is single-wide</li> <li>○ <i>IFI 952</i>: If the manufactured home is multi-wide</li> </ul> </li> <li>▪ See Guide Exhibit 19 for delivery fee details or access Guide Exhibit 19 online at <a href="http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf">http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf</a></li> </ul>
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## SERVICING REQUIREMENTS

<b>Servicing Requirements</b>	<p>See Guide Chapters 51, 52, 53, 56, 59, 65, B65, 66, A69 and Exhibit 52 for additional information on servicing requirements including:</p> <ul style="list-style-type: none"><li>▪ Servicers are prohibited from waiving escrows on mortgages serviced for Freddie Mac that are secured by manufactured homes.</li><li>▪ A Brokers Price Opinion (BPO) with an interior inspection is not required in connection with the modification of a mortgage secured by a manufactured home. The Servicer must order a BPO with an interior inspection through BPOdirect when evaluating such mortgages for modification. However, Servicers are reminded that if the mortgage is covered by mortgage insurance (MI), the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI requirements.</li><li>▪ Freddie Mac will not accept a deed-in-lieu of foreclosure on a mortgage secured by a manufactured home, unless the BPO indicates that the property is in very good condition, there are no other liens on the property and the borrower has been unable to sell the property.</li><li>▪ Additional requirements for Concurrent and Subsequent Transfers of Servicing for a mortgage secured by a manufactured home located in a state where the certificate of title is required and cannot be surrendered or abandoned.</li><li>▪ Servicers should periodically review their Freddie Mac servicing portfolio to ensure that:<ul style="list-style-type: none"><li>○ Procedures required by applicable local and state laws are followed.</li><li>○ Manufactured homes are properly classified as real estate under state law.</li><li>○ The lien on the manufactured home and the land to which it is attached is properly evidenced and perfected.</li></ul></li></ul>
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### **Learn more about Freddie Mac's Manufactured Home Requirements:**

- Refer to Chapter H33 of the *Single-Family Seller/Servicer Guide*
- Call 800-FREDDIE
- Visit [FreddieMac.com](http://FreddieMac.com)