



**Key Features:**

- **May be a purchase transaction, no-cash-out refinance or a cash-out refinance transaction**
- **1-unit primary residence or second home**
- **A minimum five percent down payment must come from borrower funds**
- **All mortgages secured by manufactured homes must be submitted to Loan Prospector®**

**Looking for More Ways To Reach Affordable Borrowers?**

Visit [FreddieMac.com](http://FreddieMac.com) for more information on:

- **Home Possible® 97 Mortgages**
- **Loan Prospector A-minus Mortgages**

## Manufactured Homes

### *Expanding Homeownership Opportunities*

Freddie Mac is committed to purchasing mortgages secured by manufactured homes in support of our commitment to expand homeownership opportunities. Our requirements for manufactured homes are designed so that the mortgages we purchase are originated, underwritten and serviced in a way that will better ensure that we are putting qualified borrowers into homes they can afford and maintain.

It is important for lenders 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. This understanding will help better serve the needs of your borrowers, create more financing options for low- and moderate-income borrowers and expand your market opportunities.

If you are originating mortgages secured by manufactured homes, it is important that you review our complete requirements in *Single-Family Seller/Servicer Guide* (Guide) Chapter H33, as well as appraisal form 70B and servicing requirements for mortgages secured by manufactured homes in Volume 2 of the Guide.

### **Lender Benefits:**

Originating mortgages secured by manufactured homes helps you:

- Expand your homeownership opportunities to low- and moderate-income borrowers.
- Meet your Community Reinvestment Act (CRA) goals.
- Streamline your process with Loan Prospector® automated underwriting technology.

### **Borrower Benefits:**

For your borrowers, mortgages secured by manufactured homes:

- Offer conventional financing terms 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.
- Expand homeownership options to borrowers with past credit challenges by originating mortgages secured by manufactured homes with the Loan Prospector A-minus offering.

*See reverse for underwriting, execution and other details.*

### **Eligible Manufactured Homes**

See Guide Section H33.2 for additional information regarding property eligibility and manufactured home requirements.

To be eligible for sale to Freddie Mac, manufactured homes must have the following characteristics:

- Built on a permanent chassis in compliance with the National Manufactured Home Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD).
- Have a "certification label" permanently affixed to each transportable section of the manufactured home evidencing compliance with Federal Manufactured Home Construction and Safety Standards. If the certification label has been removed, compliance may be evidenced using the HUD data plate located near the main electrical panel or in another readily accessible and visible location.
- The manufactured home must be affixed to a permanent foundation. The design for 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
  - ⇒ Meet local, state or federal codes, as applicable.
- Permanently connected to a septic tank, sewage system or public sewer and to other utilities in accordance with local, state and federal requirements.
- At least 12 feet wide and have a minimum of 600 square feet of gross living area. The square footage and room dimensions must be acceptable to typical purchases in the area.
- Built on or after June 15, 1976.

To be eligible for sale to Freddie Mac, manufactured homes meet the following requirements:

- One-unit dwelling comprised of a single section (a "single-wide manufactured home") or multiple sections (a "multiwide manufactured home") that is legally classified as real property.

- Wheels, axles, and towing hitches must be removed.
- Permanently attached to a permanent foundation and the land must be owned by the borrower in fee simple, unless the manufactured home is located in a condominium project.
- A multiwide manufactured home may be located on an individual lot or in a subdivision, PUD or condominium project. A singlewide manufactured home must be located only in a PUD or condominium project.
- Have a licensed professional engineer or the local, state or federal authority approve any structural modifications to an existing manufactured home.
- Conform to applicable use restrictions and be zoned for residential use, not commercial or business uses.

### **Eligible Mortgages**

See Guide Section H33.3 (a) for our eligible mortgage products. All mortgages secured by manufactured homes must be submitted to Loan Prospector and identified as either a single-wide or a multiwide manufactured home in the Property Type field in Loan Prospector

The following mortgage products are eligible:

- Loan Prospector Accept mortgages
- A-minus mortgages
- Home Possible 97 Mortgages
- Mortgages for Newly Constructed Homes (Newly Built Home Mortgages and Construction Conversion Mortgages only)
- A mortgage that was submitted to Loan Prospector and received:
  - ⇒ An evaluation status of invalid, ineligible or incomplete.
  - ⇒ A risk class of Caution and was not eligible as an A-minus mortgage.
- Fully amortizing 15-, 20-, or 30-year fixed-rate mortgages
- 7/1 adjustable-rate mortgages
- 10/1 adjustable-rate mortgages
- Purchase, no cash-out and cash-out refinances

### Ineligible Mortgage Products

See Guide Section H33.3 (b) for our ineligible mortgage products. The following mortgage products are ineligible:

- Balloon/reset mortgages
- ARMs, other than 7/1 ARM and 10/1 ARM
- Non-Loan Prospector mortgages that have never been submitted to Loan Prospector
- Mortgages subject to a temporary subsidy buydown
- Construction to Permanent Mortgages as described in Guide Section 23.6, until May 1, 2007
- Home Possible 100 Mortgages
- Initial Interest<sup>sm</sup> ARM and Fixed-rate Mortgages
- Streamlined refinance mortgages
- Freddie Mac 100 Mortgages
- Alt 97<sup>®</sup> Mortgages
- Seller-owned Converted Mortgages
- Seller-owned Modified Mortgages
- Investment Property Mortgages
- Seasoned mortgages
- Leasehold mortgages

### Underwriting Requirements

See Guide Section H33.5 for underwriting requirements including:

- A minimum down payment of five percent must come from borrower funds.
- If the borrower owns the land on which the manufactured home is being permanently attached, the land may be used as an equity contribution. See Guide Section H33.5 (c) for contribution requirements.
- If the transaction involves trade equity for the borrowers existing manufactured home, certain requirements must be met. See Guide Section H33.5 (d).
- Value for calculating LTV ratios depends on such factors as:

⇒ Whether the manufactured home is newly built or previously lived in.

⇒ Whether or not the manufactured home is affixed to a foundation at the time of the loan application.

See Guide Section H33.4 for complete requirements

- 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.

### 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.

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

### **Eligible Property Type**

- 1-unit primary residence or second home only

### **Mortgage Insurance Requirements**

See Guide Section H33.3 for additional details on mortgage insurance requirements including:

- A mortgage secured by a manufactured home must have mortgage insurance coverage specified in Guide Section H33.3 (f).
- The mortgage can include borrower-paid mortgage insurance premiums as provided for in Guide Section 27.1.1.

### **Appraisal Requirements**

See Guide Section H33.6 and Guide Chapter 44 for additional information on appraisal requirements including:

- See Guide Section 44.15(n) for additional appraiser qualifications and information the Seller must provide to the appraiser.
- Freddie Mac Form 70B must be completed for all manufactured homes.
- A detailed and supported cost approach is required for all manufactured home appraisals and data from other sources such as NADA Guide or Marshall & Swift must be considered.

### **Title/Lien Requirements**

See Guide Section H33.7 for title issues and lien requirements including:

- The mortgage must be a perfected first lien security interest on the manufactured home and the land on which it is permanently attached.
- The manufactured home must be legally classified as real property under applicable state law, including relevant statutes, regulations and judicial decisions.
- The requirements for evidencing and perfecting a lien on a manufactured home in states where a certificate of title is issued and cannot be surrendered and cancelled are different from the procedures used with site built homes. Sellers should have a complete understanding of the unique requirements for a manufactured home in these states.
- The mortgage must be covered under a standard real estate title insurance policy that complies with Guide Chapter 39.

- Sellers must provide the closing agent with closing instructions and obtain an insured closing protection letter from the title company.
- Sellers must provide one of the following title policy endorsements for each manufactured home:
  - ⇒ An ALTA Form 7.1, where available, or ALTA Form 7 endorsement. \*
  - ⇒ 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.

\*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.

### **Property Tax Requirements**

See Guide Section H33.8 for additional information on requirements on property taxes including:

- 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.
- 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.

### **Servicing Requirements**

Guide Chapters 51, 52, 53, 56, 59, 65, B65, 66, and 67 for additional information on servicing requirements including:

- Mortgages secured by manufactured homes must be serviced by Tier 1 or Tier 2 Servicers only.
- Designated counsel must be used in those states identified by Freddie Mac and listed in the Designated Counsel/Trustee webpage on our website at [http://www.freddie.com/service/msp/design\\_counsel.html](http://www.freddie.com/service/msp/design_counsel.html).
- The borrower is not required to have an involuntary inability to pay in order to be eligible for certain workouts.

- Servicers are prohibited from waiving escrows on mortgages serviced for Freddie Mac that are secured by manufactured homes.
- Servicers must order a Broker's Price Opinion (BPO) between 45 and 60 days of delinquency to determine if the manufactured home has deteriorated in value.
- Additional requirements for 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.
- Servicers should periodically review their Freddie Mac servicing portfolio to ensure that:
  - ⇒ Procedures required by applicable local and state laws are followed.
  - ⇒ Manufactured homes are properly classified as real estate under state law.
  - ⇒ The lien on the manufactured home and the land to which it is attached is properly evidenced and perfected.

### **Loan Document Requirements**

See Guide Section H33.7 (c) for additional information on documentation requirements including:

- Loan documents must include make, model and serial number for each section in the property description.
- Borrower must execute affidavit indicating intend that the manufactured home be permanently part of the real property; this should be recorded if permitted by local jurisdiction.
- Security instrument cannot be executed in the names of Mortgage Electronic Registration Systems, Inc. (MERS) if the manufactured home is located in a state that requires a certificate of title and has no provisions for surrender and cancellation of title.

### **Eligible Executions**

- Servicing-retained Cash
- Servicing-released Cash\*
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

\* See our selling system availability matrix for a list of specific fixed-rate mortgages eligible for sale best efforts or mandatory, servicing released.

### **Delivery Requirements/Postsettlement Delivery Fees**

- See Guide Section 17.33 for additional delivery requirements including:
  - ⇒ Sellers must deliver Property Type Code 4 for all manufactured home mortgages and either Special Characteristics Code (SCC) 951 for a single-wide and SCC 952 for a multi-wide manufactured home on the Form 11 or the Form 13SF.
  - ⇒ See Guide Exhibit 19 for delivery fee details or visit Exhibit 19 online at [www.freddiemac.com/singlefamily/pdf/ex19.pdf](http://www.freddiemac.com/singlefamily/pdf/ex19.pdf).

### **Learn More About Freddie Mac's Manufactured Home Requirements:**

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

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The information in this document is not a replacement or substitute for information found in the *Single-Family Seller/Servicer Guide* and/or the terms of your Master Commitment or Master Agreement.