



Dispelling the **Myths About Manufactured Housing**


Freddie Mac
We make home possible®

A *Better* Freddie Mac

...and a *better* housing finance system for:



Families

Innovating to improve the liquidity, stability and affordability of mortgage markets



Customers

Competing to earn your business



Taxpayers

Reducing their exposure to mortgage risk

Myth 01

“They’re the same as tiny homes, trailers, and mobile homes.”

FACT



It’s all about the date.

Technically, the terms “trailer” and “mobile home” apply to mobile dwellings built prior to June 15, 1976. They’re typically titled as personal property and are licensed by a state’s Department of Motor Vehicles (DMV). They’re built on wheels and can be pulled by a vehicle.

Manufactured homes are not trailers.

They’re built in a factory and must meet or exceed the Manufactured Home Construction and Safety Standards Act of 1974 (HUD Code). They’re secured on a permanent, nonremovable steel frame (chassis) and can be titled as real or personal property.

Tiny homes are neither a manufactured or mobile home.

Typically sized between 100-400 square feet, they must be built to the DMV/Recreational Vehicle code(s) and pass a licensing inspection. Tiny homes may have wheels and be mobile, but it’s not a requirement.

Mobile Home

- Factory Built prior to June 15, 1976
- Not required to meet the HUD Code

Manufactured Home

- One-unit dwelling built on a permanent chassis in accordance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD) and affixed to a permanent foundation
- Factory built, transported to the site, that meets or exceeds the HUD Code (complies with the National Manufactured Home Construction and Safety Standards Act of 1974)

Modular Home

- Factory built, certified to meet or exceed the state or local building codes and the home is permanently installed

Myth 02

“They’re unattractive and have limited design options.”

FACT



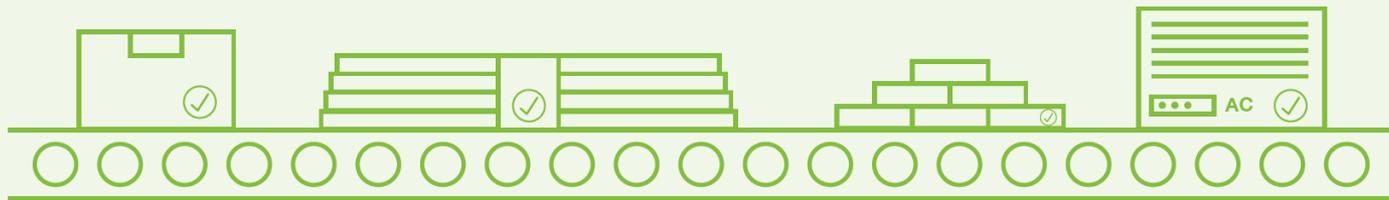
Manufactured homes feature modern, energy-efficient, high-quality design options and custom home features comparable to site-built homes. Floor plans range from basic to elaborate, with vaulted or tray ceilings; fully-equipped, state-of-the-art kitchens; walk-in closets; and luxurious bathrooms. Exterior upgrade options include covered porches, higher roof incline, decks and garages.

Dispelling Myth 03

Myth 03

“They’re poorly constructed and unsafe.”

FACT



Built entirely in a factory under controlled conditions, with state-of-the-art assembly line techniques and all building trades represented.

Constructed with 20 to 30 percent more materials than site-built (to withstand transport from factory to property), making them a strong and resilient structure.

All aspects of the construction process are quality controlled and inspected per HUD’s standards for design and construction, strength and durability, transportability, fire resistance, heating, plumbing, air-conditioning, thermal and electrical systems and overall home quality.

Myth 04

“They’re more vulnerable to storm, hurricane and tornado damage.”

FACT

Having the HUD Code seal of approval ensures that a manufactured home meets regional standards for roof load, wind resistance, thermal efficiency, safety and durability. HUD revised this building code in the early 1990s to improve the wind resistance of manufactured homes in areas prone to hurricane-force winds.

– Manufactured Housing Institute

These standards were tested in Florida during the 2004 hurricane season. Not one manufactured home built and installed after 1994 was destroyed by hurricane forced winds. Proper installation and anchoring of the home is a key element in how a manufactured home will perform in severe weather situations. In 2017, when hurricane Irma hit Florida, a majority of manufactured homes were battered but largely intact, just like the site-built homes.

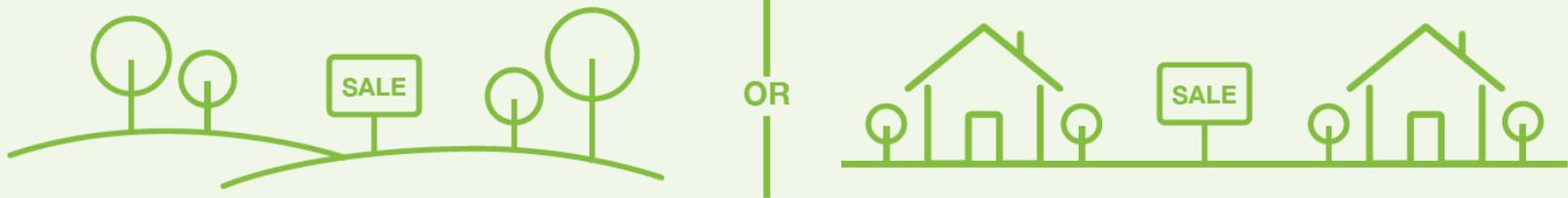
– New York Times, September 14, 2017



Myth 05

“You’re confined to living in a trailer park.”

FACT

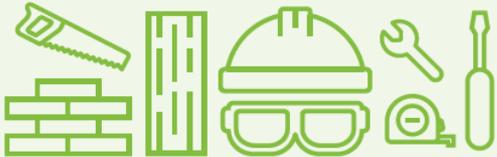


You can install your manufactured home on vacant land that you own or lease, or in a manufactured housing community (MHC). Many MHCs offer security, amenities, neighbors and a sense of community. Cities are selecting manufactured homes for infill on vacant and blighted homesites.

Myth 06

“They’re so much cheaper because they’re made with cheap materials.”

FACT



Manufactured homes are made with the same standard building materials as site-built homes. These homes are more affordable because of efficiencies in the factory-building process and not because of inferior materials. Like other assembly operations, manufactured homes benefit from purchasing large quantities of materials, products and appliances. Manufactured home builders can negotiate substantial savings on many components used in building a home and pass them directly to the homebuyer.

Myth 07

“There’s a lack of available financing options.”

FACT

Consumers have **two different financing options.**

Mortgage Option: titled as real property

- Home and land financed together in mortgage loan. Title surrendered or retired according to state requirements and considered real estate for taxation purposes.
- Home set on permanent foundation, with wheels, axle and hitch removed
- Freddie Mac has several manufactured housing mortgage offerings

Chattel Option: titled as personal property

- Only the home is financed and a lien is placed on the title to the home
- Home can be sited on private land, leased land or in a manufactured home community

Expand your business and increase Community Reinvestment Act eligible loans.

Affordable option for borrowers with low-to-moderate income.

Borrower Benefits

- Energy efficient
- Appreciates in value
- Allows your borrower to take advantage of conventional financing terms
- Leverage financing flexibility with a choice of fixed-rate, 7/1 ARMs or 10/1 ARMs



- Manufactured housing properties must be classified as real estate for sale to Freddie Mac.
- Minimum 5% equity from borrower's own funds and gifts from a related person
- Purchase, no cash-out and cash-out refinances available
- 1- unit owner-occupied and second homes
- 15-, 20- and 30-year fixed-rate mortgages; 7/1 and 10/1 ARM financing available
- Single-wide or multiwide – at least 12 ft. wide with a minimum of 600 sq. ft. gross living space

* See Freddie Mac *Single-Family Seller/Service Guide Section 5703* for details.

Titled as Real Property: Features & Eligibility Continued



- Requires initial submission to Loan Product Advisor[®], but may be underwritten manually under certain circumstances*
 - Eligible under Home Possible subject to certain conditions*
 - Land must be owned as fee simple or part of a condominium (leaseholds are not eligible)
 - If the borrower owns the land where the manufactured home will be sited, it may be used as an equity contribution subject to certain conditions
- Eligible for construction conversion subject to certain conditions
(This is essentially permanent financing once the home has been completely installed – this is not construction financing)

* See Freddie Mac *Single-Family Seller/Service Guide Section 5703* for details.

Real Property

- Promote a greater understanding of the manufactured housing market through research
- Increase purchases of manufactured housing titled as real property
- Provide product flexibilities and innovations to support real property
- Increase borrower access to education and resources

Personal Property (Chattel)

- Perform an analysis of data to understand Chattel financing available in today's market
- Initiate policy changes for manufactured housing as personal property
- Initiate a Manufactured Homes titled as personal property test and learn to inform policy design
- Explore securitization market for chattel loans

- 22 million consumers live in manufactured homes today.
- The average cost for a doublewide manufactured home is \$73,400, according to latest Census Bureau data
- Average price per square foot for a manufactured home is \$49 compared to \$107 for site built*
- Manufactured Housing can be mass produced quickly and efficiently. It's an affordable housing option that can help alleviate the inventory challenge in today's market.
- Manufactured homes are being used as infill in urban and suburban settings.

*Manufactured Housing Institute, Industry Overview June 2018

Questions?

