



# MH Advantage<sup>®</sup> Retailer Guide



Fannie Mae<sup>®</sup>



## Welcome to the mortgage for today's manufactured homes

MH Advantage from Fannie Mae is a low down payment mortgage loan for qualifying factory-built homes that have features typical of traditional site-built single-family homes. Available through most lenders, MH Advantage can help you reach more homebuyers—including those who may never have considered a manufactured home.

This guide is your introduction to MH Advantage, the qualifications that make a manufactured home eligible, and requirements for appraisal. For more information, visit [fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

# MH Advantage at a glance

A shortage of affordable site-built homes in many parts of the country makes manufactured housing a great choice for aspiring homebuyers. With MH Advantage, you can help them get the home they want at a price they can afford.

**An innovative financing option**

MH Advantage puts homeownership within reach of more homebuyers by pairing an affordable, conventional mortgage with qualifying manufactured homes, helping you find new customers and grow your business.

**Affordable, now and in the future**

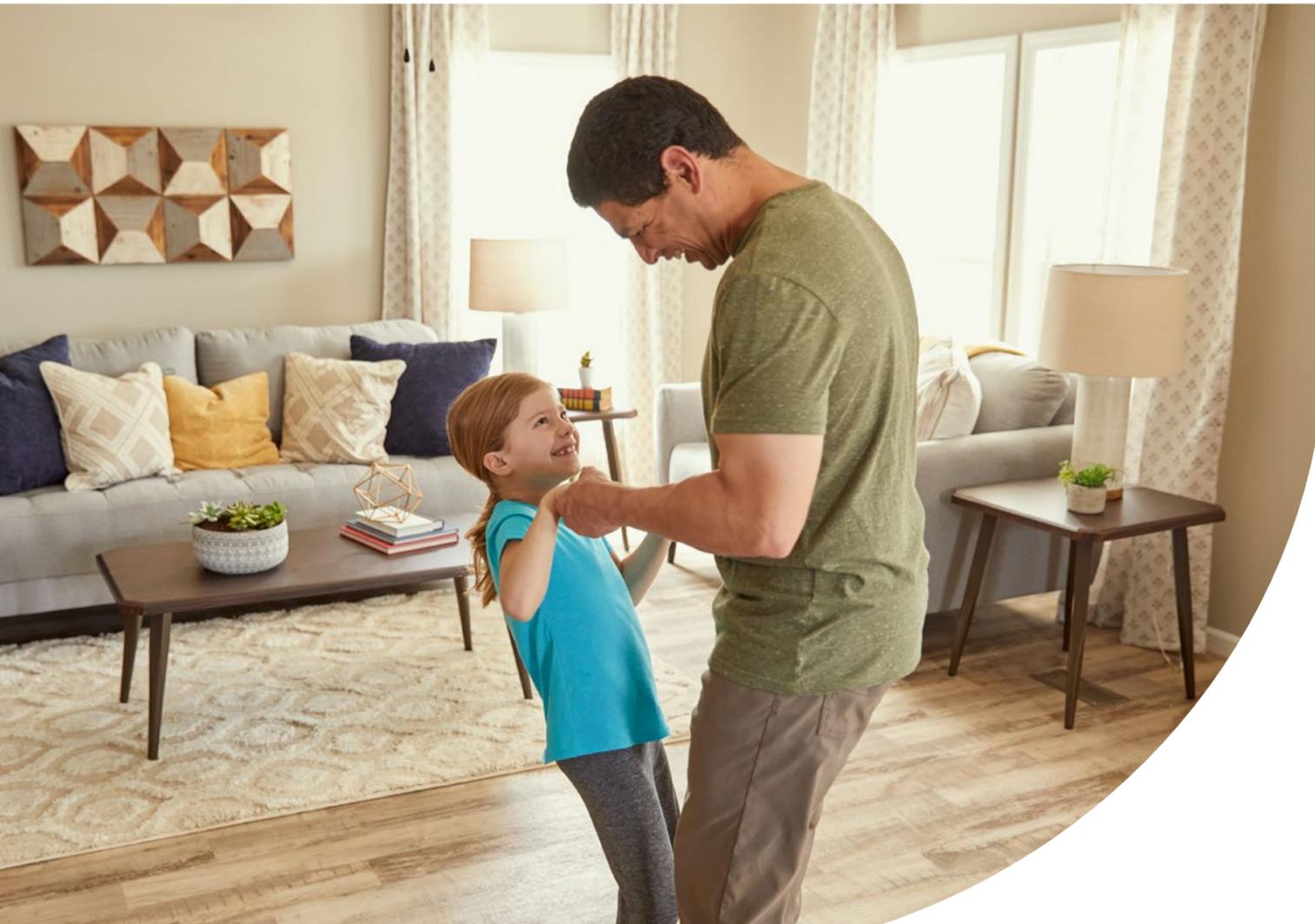
MH Advantage requires a low down payment and offers lower mortgage insurance compared to standard MH loans. Because it's a conventional loan, mortgage insurance may be cancelled once borrowers reach 20% equity in the home—resulting in more savings long-term.

**The financial perks of homeownership**

Because they own the house and the land, new manufactured home owners can build equity like the owners of a site-built home would, and may benefit from potential tax benefits as well.

**Manufactured to suit their style**

Whether it's an open floorplan, a porch, or an attached garage, you know how customizable today's manufactured homes are. Now homebuyers can get the features they're looking for with an affordable home loan.



# MH Advantage Financing

# Site-built financing for homes with site-built features.

- An **MH Advantage sticker** will be affixed to homes that are designed to meet MH Advantage eligibility criteria, for easy identification by lenders and appraisers.
- Appraisers will use the best and most appropriate comparable sales available, which may include sales of site-built homes.



## MH Advantage Sticker

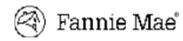
### Mortgage Financing Notice

The manufacturer of this home—identified on its HUD certificate—has determined that its features as of the date of manufacture are consistent with the eligibility requirements of MH Advantage™, a manufactured housing mortgage loan initiative of Fannie Mae®. To qualify for MH Advantage, the borrower must also meet certain eligibility requirements, and the home must be installed on land owned by the borrower.

#### Homeowner:

Do not remove or damage this sticker, as it is required to identify this home for participation in the MH Advantage initiative for purchase or refinancing. This notice is not an assurance of the availability of, or your qualification for, mortgage financing for this home.

For more information please visit:  
[www.FannieMae.com/MH](http://www.FannieMae.com/MH)



Identification Number: XXXXXXX

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## Product Details

<b>Property and occupancy eligibility</b>	<p>MH Advantage-eligible homes are manufactured homes that are:</p> <ul style="list-style-type: none"> <li>• Built to the HUD code</li> <li>• Meet certain construction, architectural design and energy efficiency standards more aligned with site-built homes</li> <li>• Have an MH Advantage sticker</li> <li>• Principal residence and second home only</li> <li>• To be placed on land owned by the borrower</li> <li>• Installed with a driveway and a sidewalk connecting the driveway, carport, or detached garage to a door or attached porch</li> </ul>
<b>Maximum LTV (1-unit owner-occupied)</b>	<p>Up to 97% LTV 105% combined LTV with Community Seconds® financing only</p>
<b>Straightforward underwriting and origination processes</b>	<p>Our <i>Selling Guide</i> requires MH Advantage appraisals to first use MH Advantage comparable sales. In the event that those are unavailable, appraisers will use the best and most appropriate other sales available, which may include sales of site-built homes.</p>
<b>Improved borrower affordability</b>	<p>Financed mortgage insurance up to 97% combined LTV Comparable MI to site-built homes for fixed-rate terms</p>



Photo courtesy of Skyline Champion®

# MH Advantage Eligibility

**Contact your lenders to see if they offer MH Advantage financing.**

Learn more about it at [fanniemae.com/manufacturedhomes](http://fanniemae.com/manufacturedhomes)

In addition to having an MH Advantage sticker attached to it at the manufacturing facility, a home that qualifies for MH Advantage financing must meet the following architectural and site installation standards, and the manufacturer must be participating in the MH Advantage program.

You can find the list of participating manufacturers at [fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

## PART 1 Home Design



Home must be designed as a multi-section property (i.e., no single-wide homes)



Eaves that are 6 inches or greater (which may be eaves no less than 4 inches to which site-completed gutters of 2 inches or more are to be added)



Roof pitch, following installation on site in accordance with the home's plans, will be at a ratio of 4/12 or greater (does not apply to triple-wide homes, which may have any roof pitch)



The home is designed with one of the following pairs of features:

- Dormer(s) and Covered Porch (minimum 72 square feet); *or*
- Dormer(s) and Attached Garage/Carport; *or*
- Covered Porch (minimum 72 square feet) and Attached Garage/Carport



Designed with low-profile finished floor set that does not exceed 30 inches from bottom of floor joist to the exterior grade for the front or entry elevation (note: this is design standard only—topography of site or other considerations may affect actual placement of home on site and does not disqualify the home from MH Advantage)



One of 3 energy standards on the Data Plate—overall U-Value of 0.076 or less, 2009 IECC, Energy Star. Manufacturer may seek Fannie Mae prior approval of alternative specifications that it can demonstrate meet or exceed one of these 3 energy standards.



The design will accommodate a foundation that meets all the following criteria (note: actual foundation is the responsibility of retailer and does not disqualify the home from MH Advantage):

- Masonry perimeter wall;
- HUD's Permanent Foundations Guide to Manufactured Housing; *and*
- Engineered Foundation certified by a registered architect or professional engineer



Interior has all features listed below:

- Drywall (tape and texture) throughout the home (including closets);
- Kitchen and bath cabinets with fronts of solid wood or veneered wood; *and*
- Fiberglass, solid surface, acrylic, composite, porcelain/enamel-coated steel, or tile for all showers and/or tubs in the home



Exterior siding composed of one or more of following—fiber cement board, hardwood siding, engineered wood siding, masonry, stone, stucco, or vinyl siding backed with oriented strand board.

## PART 2

## Site Installation Requirements

While manufacturers are responsible for the design features, including attaching the MH Advantage sticker to the home, you and your installer will be responsible for installing the required on-site features to ensure MH Advantage eligibility. Without these features, the home—even with a sticker—will not be eligible for MH Advantage financing:

- A driveway leading to the home (or to the garage or carport, if one is present); the driveway must consist of blacktop, pavers, bricks, concrete, cement, or gravel. If the home does not have a garage or carport, the driveway can lead to a vehicular parking pad; *and*
- A sidewalk connecting either the driveway, or a detached garage or carport, to a door or attached porch of the home; the sidewalk must consist of blacktop, pavers, flagstone, bricks, concrete, or cement.

In addition to the above, all structures must be completed at the time of appraisal in order for the home to be approved for MH Advantage financing.

**When you submit an order for a custom home that meets these requirements from a participating manufacturer, please be sure to call the manufacturer to ensure that the home will have the MH Advantage sticker attached by the time of delivery.**



Photo courtesy of Clayton Homes®

# Appraising MH Advantage

Retailers and lenders have their own responsibilities for appraising MH Advantage-eligible homes, especially new construction. See the details below for what you and your lending partners should provide to appraisers.



## Checklist of items for retailers to provide appraisers

For new manufactured homes not yet attached to the land or not yet constructed, the appraisal may be based on manufactured home plans and specifications, per [Selling Guide B4-1.4.01: Newly Constructed Manufactured Housing Appraisal Requirements](#), use this checklist to provide the necessary information to the appraiser:

### Plans and specifications, including:

- Floor plan
- Square footage
- Materials used
- Interior features (rooms, kitchen, bedrooms, baths) and upgrades
- If available, pictures, videos, or other media visualizations of the interior/exterior of the home (possibly found on websites)
- If available, depiction of the front elevation

### Other improvements:

- Plans and specifications for attached garage, carport, covered porch, covered patio, decks
- Manufacturer's name
- Trade or model number
- Year of manufacture
- Serial number
- Type of foundation and utility connections

Note: If you have sold an MH Advantage home in the past 12 to 24 months, you should offer sales data and financial terms to the appraiser.

## Lender responsibilities

The lender must provide to the appraiser:

Financial and property information, per [Selling Guide B4-1.1-05: Disclosure of Information to Appraisers](#)

For purchase money mortgages, the lender must also provide to the appraiser:

- Complete copy of the executed contract for sale of the manufactured home and land
- Complete copy of the executed contract for both if the land and home are purchased separately
- Complete copy of the manufacturer's invoice if the manufactured home is new per [Selling Guide B4-1.4-01, Manufactured Housing Appraisal Requirements and Standards](#)

## Resources:

- [MH Advantage Appraisal Training](#)
- [Manufactured Homes webpage](#)
- [Selling Guide B2-3-02: Special Property Eligibility and Underwriting Considerations: Factory-Built Housing](#)
- [Selling Guide B5-2-03: Manufactured Housing Underwriting Requirements](#)
- [Selling Guide B4-1.2-03: Requirements for Postponed Improvements](#)



Photo courtesy of Clayton Homes®

# Frequently Asked Questions

## Retailers

### Q1 Are manufacturers required to have oversight of retailers?

The MH Advantage Agreement imposes on manufacturers no obligation of oversight, but does require that manufacturers carefully select authorized retailers of potential MH Advantage homes, and direct, advise, or otherwise inform such retailers to adhere to the design and installation specifications for potential MH Advantage homes.

### Q2 Is the manufacturer responsible for a retailer's installation of the home?

Manufacturers are not responsible for your installation of manufactured homes.

### Q3 How should I respond to consumers' questions about MH Advantage?

As a retailer, you are subject to certain regulatory provisions under the Truth in Lending Act and other laws relating to mortgage origination. Accordingly, you may choose to limit your discussion of mortgage financing with consumers in connection to the sale of homes as it relates to the list of potential lenders. The selection of which lenders to include on such a list is at your sole discretion. Fannie Mae believes the best course for retailers whose customers have questions about MH Advantage is to suggest that such consumers direct their questions to their chosen mortgage lender.

## MH Advantage

### Q1 What is Fannie Mae?

Fannie Mae is a federally chartered corporation created by Congress to provide liquidity to residential mortgage lenders, which helps them make new loans. The main way Fannie Mae does this is by purchasing mortgage loans from those lenders, providing funds that can be used to make other mortgage loans to consumers. Fannie Mae then sells those mortgages in transactions backed by its guaranteed mortgage-backed securities.

### Q2 What is the manufacturer's role in MH Advantage?

Manufacturers who have entered into agreements with Fannie Mae, and other members of their Manufacturing Group, are authorized to designate "HUD Code" homes they build as potentially eligible for MH Advantage based on the home's designed features. Such homes are identified by the presence of a Fannie Mae-designed MH Advantage sticker that is placed on the interior of the home at the time of production.

### Q3 What is the Manufacturing Group?

The Manufacturing Group consists of the manufacturer that signs the MH Advantage Agreement with Fannie Mae as well as other affiliates and subsidiaries that build HUD Code homes with MH Advantage stickers in connection with MH Advantage.

### Q4 How are homes eligible for MH Advantage treated differently by lenders?

Homes that lenders determine qualify for MH Advantage will be allowed to have a higher debt-to-income ratio, mortgage insurance requirements more aligned with site-built homes, and more affordable pricing.

### Q5 What lenders participate in MH Advantage?

Any mortgage lender that is approved to sell loans to Fannie Mae is qualified to make MH Advantage loans.

### Q6 Does MH Advantage only apply for purchase mortgages?

At the outset, because it involves newly constructed homes, MH Advantage will only involve purchase mortgages. But MH Advantage treatment is also available for refinance mortgage transactions, which may be refinances of loans that did not receive MH Advantage treatment in prior transaction(s).

### Q7 Do certain manufacturers receive preferential treatment under MH Advantage?

MH Advantage is open to all HUD Code manufacturers. All manufacturers agreeing to participate in MH Advantage are subject to a uniform MH Advantage Agreement, with the only differences being the volume pricing for MH Advantage stickers afforded in the MH Advantage Schedule.

## Central Features

### Q1 What are central features?

Central features are those design elements in a home that are listed on Exhibit B of the MH Advantage Agreement. These features were established after outreach to and engagement with the industry regarding design availability and feasibility.

### Q2 What if a manufacturer is unsure whether a home's design has all the required central features?

The determination of whether a home has, or does not have, all the required central features is the manufacturer's alone. Fannie Mae will be undertaking post-delivery quality control review of loans delivered as MH Advantage loans, but will not otherwise be providing any individual feedback or comments to manufacturers unless it determines there are instances where MH Advantage stickers appear to have intentionally been placed on homes with design features not qualifying for MH Advantage.

## MH Advantage Stickers

### Q1 What is the purpose of the MH Advantage sticker?

The MH Advantage sticker identifies to mortgage lenders that the home is potentially eligible for MH Advantage treatment.

### Q2 When does the MH Advantage sticker get attached?

The MH Advantage sticker is attached to each home (only one section of a multisection home) by the manufacturer at the time of production, except with Fannie Mae's guidance, manufacturers can attach MH Advantage stickers after shipment but prior to their final sale to a consumer.

### Q3 Is it permissible for a manufacturer to apply an MH Advantage sticker after it leaves the factory?

Except as noted above, all MH Advantage stickers must be attached at the point of production.

### Q4 How should the MH Advantage sticker be applied and where should it go?

The printer of the MH Advantage stickers has indicated that, for best results, the MH Advantage sticker should be applied to a dry, oil-free smooth surface. Under the MH Advantage Agreement, the MH Advantage sticker is to be installed near the HUD Data Plate.

### Q3 Is the manufacturer responsible if a retailer does not install a home with all central features as it is designed?

No, manufacturers are not responsible to Fannie Mae for a retailer's failure to install all the central features that were designed in the home by the Manufacturers. Likewise, manufacturers are not responsible for the exterior features (sidewalk and driveway). However, if in the year after a home's installation a manufacturer has actual knowledge of non-complying homes, it must give notice (including address of the home) to Fannie Mae.

### Q4 Who at Fannie Mae can answer questions about MH Advantage generally and central features in particular?

As noted above, Fannie Mae will not be providing guidance on central features. However, if you have general questions or concerns about MH Advantage, they may email [MH\\_Notices@fanniema.com](mailto:MH_Notices@fanniema.com).

### Q5 What happens if an MH Advantage sticker is removed before or after shipment?

MH Advantage stickers may be removed by the manufacturer before or after shipment, but the home will no longer be eligible for MH Advantage. The manufacturer must report annually to Fannie Mae the status of all MH Advantage stickers it has received but which were not used (or which were removed).

### Q6 Can consumers remove MH Advantage stickers?

Yes, consumers who purchase homes with MH Advantage stickers can remove them. In this case, the home will no longer be eligible for MH Advantage.

### Q7 Can consumers replace MH Advantage stickers?

No, MH Advantage stickers that are removed by a consumer cannot be replaced.

## Exterior Features

### Q1 What is the manufacturer's responsibility for exterior features?

The exterior features (sidewalk and driveway) are site improvements that must be present on the real property on which a home is installed in order for the home to be eligible for MH Advantage. The manufacturer has no responsibility for the presence of exterior features; it is solely the retailer's and the mortgage lender's responsibility.

### Q2 What happens if exterior features are not installed?

Despite the presence of an MH Advantage sticker, a home on a lot without exterior features is not eligible for MH Advantage.

### Q3 What site features are lenders required to confirm are in place in order to permit MH Advantage Treatment?

Lenders are required by the *Selling Guide* to confirm there are no unfinished detached structures on the site, and that the site has both:

- A driveway to the home (leading to the home's garage or carport, if one is present). The driveway must consist of blacktop, pavers, bricks, concrete, cement, or gravel; *and*
- A sidewalk connecting either the driveway, or a detached garage or carport, to a door or attached porch of the home. The sidewalk must consist of blacktop, pavers, flagstones, bricks, concrete, or cement.





Photo courtesy of Clayton Homes®

- Adventure Homes**
- Cavco Industries, Inc.**
- Clayton Homes, Inc.**
- Commodore Homes**
- Deer Valley Homebuilders, Inc.**
- Destiny Industries**
- Eagle River Homes, LLC**
- Franklin Homes, LLC**
- Hallmark Southwest**
- Kabco Builders, Inc.**
- Kit Custom HomeBuilders**
- Manufactured Housing Enterprises, Inc.**
- Oak Creek Homes, LLC**
- Pine Grove Homes**
- ScotBilt Homes, Inc.**
- Skyline Champion Corporation**
- Sunshine Homes, Inc.**

List as of March 1, 2019

# MH Advantage Participating Manufacturers



**Reach more customers and give them the chance to own a beautiful, high-quality manufactured home with the affordability of an MH Advantage mortgage.**

You've taken the first step by reviewing this guide and your marketing kit. Now use those resources to introduce this new mortgage option to customers, and talk to the lenders you work with about offering MH Advantage.

**1**

Review guide and marketing kit

**2**

Use marketing resources in-store and online

**3**

Partner with a lender who offers the MH Advantage mortgage





Learn more at  
[fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)