

Fannie Introduces Manufactured Housing Changes, Updates Condo Policies

By: Jann Swanson | Wed, Jun 6 2018, 11:23 AM

A Selling Guide Announcement from Fannie Mae on Tuesday introduced a **new initiative for loans secured by manufactured housing**. The MH Advantage program is designed for those units that meet specific construction, architectural design, and energy efficiency standards that more closely approximate those used for site-built housing. The company says its goal is to help bridge the gap in affordable housing by making manufactured homes a more acceptable alternative traditional built-on-site housing.

MH Advantage loans will follow the same DU eligibility requirements as manufactured homes, with the **exception that the maximum LTV ratio is increased to 97%** for certain purchases and limited cash-out refinances. All requirements that pertain to other loans with LTV ratios between 95.01 and 97% apply. The CLTV ratio may be up to 105% with Community Seconds. The MH Advantage loans will also have reduced loan-level price adjustments and other flexibilities not accorded to standard manufactured units, including standard mortgage insurance; the deeper coverage required for manufactured homes will not apply.

Examples of the physical characteristics for MH Advantage include

- specific architectural and aesthetic features, such as distinctive roof treatments (eaves and higher pitch roofline), lower profile foundation, garages or carports, porches, and dormers;
- construction elements including durability features, such as durable siding materials; and energy efficiency standards (minimum energy ratings apply).

MH Advantage is open to all manufacturers. Those participating will attach an "MH Advantage Sticker" to the home in proximity to the home's HUD Data Plate. The Sticker identifies the home as having been designed to accommodate the physical characteristics for an MH Advantage property. The lender will confirm the presence of the Sticker, and additional information about site improvements to the property, but is **not responsible for confirming the physical characteristics of the home**. Lenders must use Desktop Underwriter to underwrite the MH Advantage loans, and the program goes into effect immediately.

Fannie Mae also updated its Selling Guide in reference to the treatment of structural modifications or additions to a manufactured house, easing the current requirements for acceptable inspectors of those changes.

The Announcement also updates several of Fannie Mae's condo, co-op, and PUD project policies. The first set of changes deal with computation of the **single entity ownership requirements**. One change exempts units held by non-profits, affordable housing programs (including units subject to non-eviction rent regulation codes), or institutions of higher education from the single-entity computation. Another raises single-entity ownership in projects with 21 or more units to 20 percent. The allowable commercial space allocation in condo, co-op and PUD projects is increased to 35 percent and commercially owned or operated parking spaces are exempted from the commercial space calculations.

A new condo project will now be considered an "established" one if it meets all of the requirements for such other than the 90 percent unit conveyance standard. Eighty percent conveyance will be acceptable where the developer is holding back units as rental stock and where additional requirements are met.

More information on the above and on other technical changes are detailed in Selling Guide Announcement SEL-2018-05. Fannie Mae also announced that, beginning with the June 2018 *Selling Guide* update, Fannie Mae is again providing a highlighted version of the *Selling Guide* PDF. The topic title and edited paragraphs are highlighted in yellow to help users quickly identify the most recent significant updates made to it. The highlighted *Selling Guide* PDF is intended to be used as a companion tool in conjunction with a review of the corresponding *Selling Guide* Update Announcement.

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