

# THE HFA INSTITUTE 2025

## Alternative Homeownership Program Structures



National Council of  
State Housing Agencies



**MRBs and  
Other Federal  
Homeownership  
Programs**  
JANUARY 15 – 17



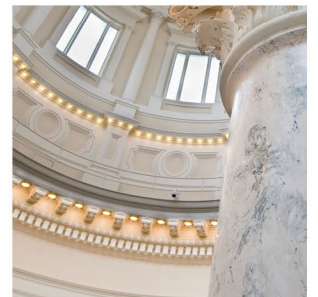
**Housing Credit**  
JANUARY 14 – 16



**Section 8 and  
Other Federally  
Assisted  
Multifamily  
Housing**  
JANUARY 15 – 17



**HOME and  
Housing Trust  
Fund**  
JANUARY 12 – 14





## DISCUSSION LEADER

**Michael Urban**, Managing Director of Homeownership | Virginia Housing

## SPEAKERS

**Zach Ragland**, Advisor, Affordable Lending Account Team | Fannie Mae

**Dennis Smith**, Affordable Lending Manager, Senior | Freddie Mac

**Erin Watts**, Vice President, Product Strategy | Guild Mortgage Company

# Financing Manufactured Housing

Zach Ragland

Single-Family - Affordable Lending

Fannie Mae

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Fannie Mae®

# What is Duty to Serve?



The Duty to Serve rule, established in the **Housing and Economic Recovery Act of 2008 (HERA)**, reinforces our mission to facilitate equitable and sustainable access to homeownership and quality, affordable rental housing across America.

The rule focuses efforts on very low-, low-, and moderate-income families in three underserved markets:

- *Manufactured Housing*
- *Affordable Housing Preservation*
- *Rural Housing*





# Special pricing is available for Duty to Serve Loans

Duty to Serve loans must meet program-wide criteria in addition to market-specific requirements



## All Duty to Serve loans must meet the following requirements to be eligible for special pricing:

- Borrower's **area median income (AMI)** is  $\leq$  **100%**. Lender must refer to the AMIs that Fannie Mae uses in Desktop Underwriter® (DU®) or on Fannie Mae's website.
- Property is an owner-occupied **primary residence**.
- The loan must be a **purchase money** or **limited cash-out refinance** transaction.



Fannie Mae



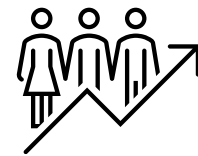
# MH Housing Stock

MH has consistently been an affordable option

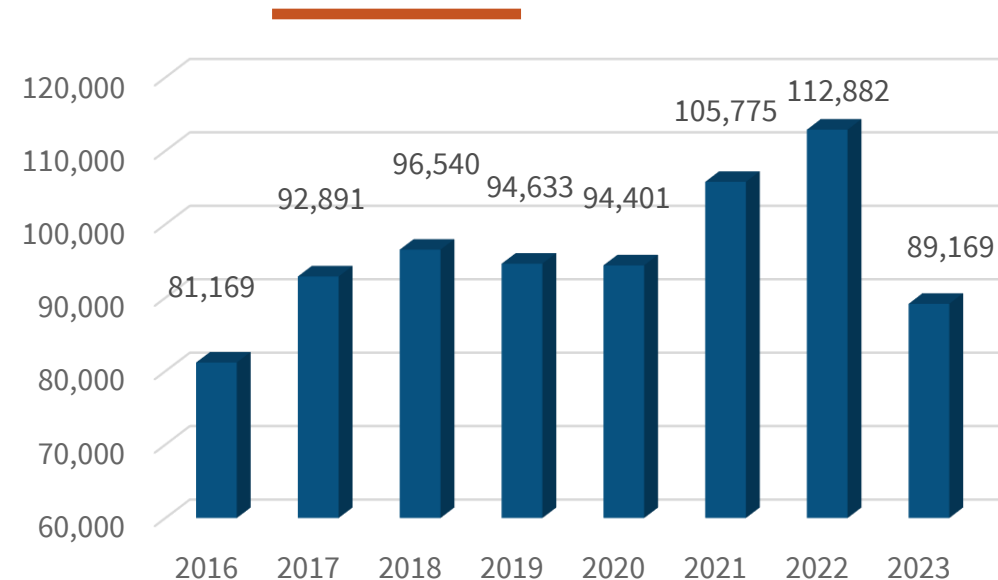
**\$113,952 average new MH – unit only**

**8.6% of new single-family home starts**

**20.9 million people live in manufactured homes**



Demand for MH is strong -  
*MH Shipments by Year*



Source: <https://mhinsider.com/manufactured-housing-industry-trends-statistics/>



# Standard Manufactured Homes

## Definition of Manufactured Homes

- The U.S. Department of Housing and Urban Development (HUD) establishes and enforces the national code for the construction, design, performance, and installation of manufactured homes to assure their quality, durability, affordability, and safety
- Manufactured homes are built in compliance with the U.S. HUD code

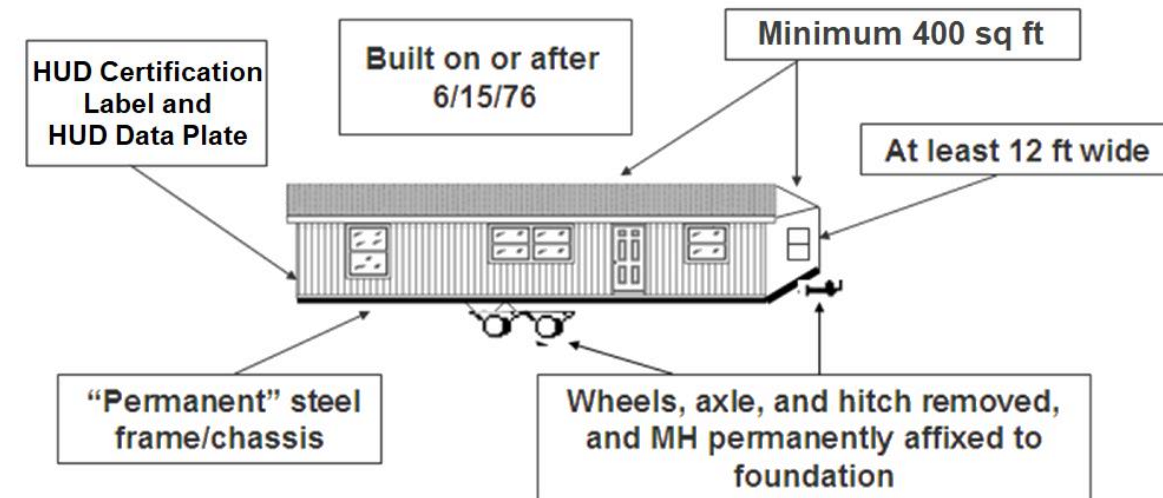
## Manufactured HUD code homes are:

- Built on or after June 15, 1976
- Built on a permanent metal chassis or frame and pulled to the site with axles and wheels
- Titled as a trailer or personal property

## Fannie Mae requires:

- Wheels, axles and hitches to be removed
- Connection to utilities – comply with local and state requirements
- Permanently affixed to a foundation
- Converted and titled as real property
- Must be a minimum of 400 sq. ft.

## Home Specifications and Requirements



Must be acceptable to typical purchasers in market area.







# MH offers solutions to suit a variety of needs

We offer conventional financing for three types of manufactured homes:

- **Single-width MH:** One of the most affordable paths to homeownership
- **Multi-width MH:** Offers borrowers the space they need at a price they can afford
- **MH Advantage®:** Designed with site-built aesthetics that align with a variety of neighborhoods





# MH Advantage

MH Advantage is an innovative mortgage option that offers affordable conventional financing for MH that offers features similar to site-built homes, including:

- Roof treatments distinct from traditional manufactured homes, including eaves and higher pitch rooflines
- Lower profile foundations, carports, garages, porches and/or dormers
- Interiors that feature drywall and kitchens and bathrooms with upgraded cabinets
- Exteriors that feature durable siding materials



# Developers are seeing the MH Advantage

The lower cost and aesthetic appeal of MH Advantage homes relative to site-built homes makes them a good fit for any area, from subdivisions to urban infill.

- MH Advantage subdivisions are being planned and built across the country.
  - Learn more at [FannieMae.com/MHASubdivisions](https://FannieMae.com/MHASubdivisions).
- MH Advantage homes are an attractive option to provide attainable infill housing solutions.
  - [Atlanta](#)
  - [Detroit](#)



**Site Location and Aerial View  
Kilpatrick Woods**

Builders and developers are starting to take notice, building neighborhoods that incorporate MH into their communities.



# MH in Leasehold Estates

In some states, manufactured homes in leasehold estates can be titled as real property, providing a path to eligibility for Fannie Mae's financing products.

Leasehold estates:

- Make homeownership more affordable.
- Provide borrowers on leased land with the benefits and protections of conventional financing.
- Offer developers an alternative to the MH Community model.

See additional requirements here:  
[Guide to MH in a Condo or PUD Subject to Ground Lease](#)

**NOTE:** These requirements **do not** apply to manufactured homes located in a Community Land Trust (CLT). See [Selling Guide B5-5.3, Shared Equity Transactions](#) for more information on manufactured homes in CLTs.





# Non-Traditional Ownership Structures: Research

## Resident Owned Communities

Cooperative ownership affords residents of MHCs greater control over community decisions, such as capital expenditures and rent increases.

- Fannie Mae has financed Single-Family ROC loans in New Hampshire — enabled by the state's unique treatment of homes placed on a site and connected to utilities as real estate.
- Additional market-making and outreach efforts are underway.





# You asked, we listened

We're listening to industry feedback and addressing concerns to make MH financing more accessible



## MH for borrowers without credit scores

**December 2022** – New enhancements in Desktop Underwriter® (DU®) allow borrowers with no credit score to be better able to access credit, including financing for manufactured homes. [Learn more](#)



## Temporary interest rate buydowns for MH

**August 2023** - Temporary interest rate buydowns, which allow sellers or other parties to temporarily allow borrowers to pay a reduced interest rate for a period of time, are now available for manufactured homes. [Learn more](#)



## CLT eligibility for MH

**May 2024** – Expanded policy to allow one-unit single-width, multi-width, and MH Advantage® manufactured homes subject to a community land trust that are not located in a condo or PUD project. [Learn more](#)



## MH in Leasehold

**November 2024** – Clarified policy that MH subject to a ground lease must go through the Project Eligibility Review Service (PERS) and meet *Selling Guide* requirements for Leasehold Estates, Project Standards, and MH. [Learn more](#)



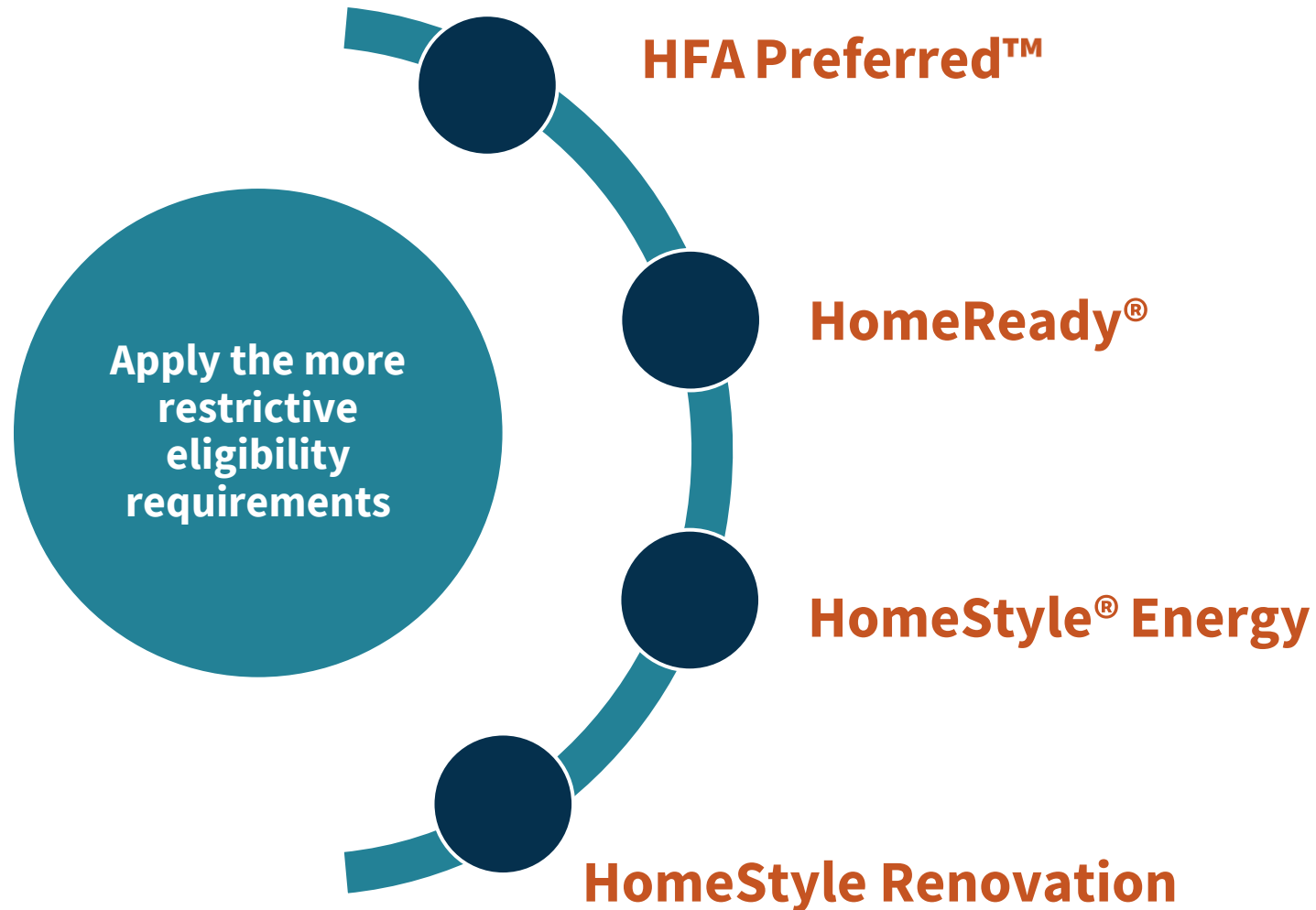
## SW MH in PUDs

**November 2024** - We removed the requirement that single-width units in PUDs and PUD projects consisting of single-width manufactured homes require PERS approval. [Learn more](#)



Fannie Mae

# Financing MH with other Products



# Fannie Mae Resources

[MH Financing Landing Page](#)

[Underwriting Manufactured Homes](#)

[MH Advantage for Appraisers](#)

[MH Product Matrix](#)

[Manufactured Housing FAQ](#)

[Resources for Builders and Developers](#)

[Resources for HFAs and Public Entities](#)







# Shared Equity Homeownership Overview

2025 HFA Institute

Dennis Smith

1/16/2025





# What Is Shared Equity Homeownership?

- Homeownership opportunities with lasting affordability under programs administered by community land trusts, not-for-profit organizations, and state and local government agencies
- Most [shared equity homeownership programs](#) apply resale restrictions to keep the properties affordable as they are resold over time

# Supporting Two Models of Shared Equity Homeownership



## Income-based Deed Restrictions

With [income-based deed restrictions](#), the program provider reduces sales prices to below-market levels through deed covenants, government or philanthropic subsidy, inclusionary zoning, or affordability incentive



## Community Land Trusts

The [Community Land Trust](#) retains ownership of land and leases it under a long-term ground lease to a homebuyer who purchases the improvements on the land (house) at a below-market rate

# Support lending for affordable ownership with CLT Mortgages



## Loan purpose:

- Purchase
- Refinance\*



## Eligible property types and occupancy:

- 1- or 2-unit primary residence
- Manufactured homes ineligible unless a 1-unit certified CHOICEHome®
- The leasehold estate created by the CLT Ground Lease must constitute real property
- Detached condo unit



## Eligible mortgage products:

- First-lien conventional fixed-rate mortgages
- Home Possible®
- HomeOne®
- CHOICEHome®
- HFA Advantage®



## Underwriting methods:

- Loan Product Advisor®
- Manual underwriting

\*Refinance is subject to CLT program steward's approval (see Seller/Servicer Guide Section 4502.4)



# What to know about the appraisal and valuation



- Lender ensures that the appraiser has relevant knowledge and experience
- “Value” is the appraised value of the home being mortgaged as of the note date\*
- Appraiser calculates the value of the leasehold interest based on the hypothetical condition that the property rights being appraised are the leasehold interest without the resale and other restrictions included in the Community Land Trust Ground Lease

\*see Seller/Service Guide [Section 4502.8](#)

## Divide the first-lien mortgage amount by the appraised value

<b>Appraised Value</b>	<b>\$300,000</b>
Purchase price	\$225,000
Subsidy amount	\$ 75,000
<b>First-lien mortgage amount</b>	<b>\$225,000</b>
<b>LTV ratio</b>	<b>75%</b>
<b>Minimum required borrower contribution for down payment*</b>	<b>\$0</b>

The purchase price may not be a reliable indicator of appraised value because it excludes the subsidy amount.

\*\*Determined by the product selected for mortgages with LTV > 80%. See Guide Section 5501.3(b)(i).

# CLT ground lease review is required – except for certified CLTs



- CLTs certified under a Freddie Mac-approved certification program may be exempt from the ground lease review:
  - Florida Housing Coalition's CLT Institute (TOB)
  - Freddie Mac's Approved CLT non-model ground leases (TOB)
  - Fannie Mae's Certified Shared Equity Program list
- The Seller must determine whether it is based on either the National CLT Network (NCLTN) or the Institute for Community Economics (ICE) Model Ground Leases
  - Has a term of at least 30 years
  - Includes a resale formula that limits homeowner's proceeds at resale
  - CLT or assignee has the right to purchase the home from the homeowner at resale (right of first refusal)
  - CLT must review/approve refinances and home equity lines of credit
- Freddie Mac's Ground Lease Rider Form 490 must be completed, executed, and recorded in the land records with the CLT ground lease

**Freddie Mac Community Land Trust Mortgage Checklist**

Freddie Mac  
Single Family

**ALL FOR HOME**

We've reimagined the mortgage process for community land trusts (CLTs). We believe we've found the right balance among the interests of lenders, shared equity homeownership providers and borrowers. Freddie Mac's CLT mortgage will help you:

- Preserve affordability over time and keep affordable homes in inventory.

When lenders underwrite borrowers under Freddie Mac's CLT mortgage, the lender will be seeking the following information about the CLT program.

**A copy of the ground lease:**

- Does it conform to either the National Community Land Trust Network (NCLTN) 2011 Community Land Trust Network Model Ground Lease or the Institute for Community Economics (ICE) Model Ground Lease?
- Is the lease term at least 30 years?
- Does it include a resale formula that limits the homeowner's proceeds at resale?
- Are restrictions binding on current and future owners (i.e., survive) until they are formally released in accordance with their terms, such as a right of first refusal?
- Does it provide the CLT or its assignee the right to purchase the home from the homeowner at resale ("the right of first refusal")?
- Does it state that the CLT must review and approve any refinancing or home equity lines of credit?

For more information about Freddie Mac's reimagined mortgage process for community land trusts, see *Single-Family Seller/Service Guide Chapter 4*.

The lender is required to review either an audited financial statement for the most current year to determine the stability and performance of the CLT or a Form 990 filing clearly describes the entity's mission and financials. The lender will also review assets and liabilities disclosures as a prime indicator of financial stability.

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# Support lending for affordable ownership with Income-Based Resale Restricted Mortgages



## Loan purpose:

- Purchase
- Refinance\*



## Eligible property types and occupancy:

- 1- or 2-unit primary residence
- Manufactured homes including CHOICEHome®



## Eligible mortgage products:

- First-lien conventional fixed-rate mortgages
- Home Possible®
- HomeOne®
- HFA Advantage®



## Underwriting methods:

- Loan Product Advisor®
- Manual underwriting

\*Cash out Refinance is subject to subsidy provider's approval

# Originating Loans on Income-Based Resale Restricted Properties

If Restrictions Survive Foreclosure/Deed in Lieu	Factor	If Restrictions Terminate upon Foreclosure/Deed in Lieu
Income-Based Deed Restrictions Survive	← <b>Loan program identifier</b> →	Income-Based Deed Restrictions Terminate
<ul style="list-style-type: none"> <li>Must reflect impact of restrictions on property's value</li> <li>When available, must be supported by comparables with similar restrictions</li> </ul>	← <b>Appraisal</b> →	Must reflect property's market value without resale restrictions by using comparables that are not resale restricted
The lesser of appraised value or purchase price	← <b>Value for LTV calculation</b> →	The appraised value of property without resale restrictions
Based on resale-restricted price	← <b>Down payment</b> →	Based on resale-restricted price



Find product details on FreddieMac.com



**CLT Mortgages product page:**

<https://sf.freddie.mac.com/working-with-us/origination-underwriting/mortgage-products/community-land-trust-clt-mortgages>

**CLT Ground Lease Rider:**

<https://guide.freddie.mac.com/app/guide/form/490>

**Income-Based Resale Restrictions product page:**

<https://sf.freddie.mac.com/working-with-us/origination-underwriting/mortgage-products/mortgages-secured-by-income-based-resale-restricted-properties>





# Erin Watts, VP Product Strategy

- ❖ With Guild since 2016
- ❖ 18 years industry experience
- ❖ New loan program design and development
- ❖ Focus on attainable homeownership
- ❖ 3-2-1 Home Plus Advantage, GreenSmart Advantage, CompleteRate, 1% DownGuild Giving Committee
- ❖ MyPath2Own





# Who we are

- Established 1960
- National Lender\*
- Top 10 HFA Lender
- 550+ Programs
- 1,000+ HFA Programs
- 600+ Local Programs
- 2024: 47% purchase loans were first time homebuyers (34,000+)



\*Lend in all states, except New York

# Niche Programs: Lenders Perspective

## Affordability & Attainability

Any program that reduces the borrowers down payment or purchase price is in high-need.

## Options

- Manufactured Housing
- Shared Equity Programs
- ✓ Community Land Trust (CLT)
- ✓ Below Market Rate (BMR)
- ✓ Shared Appreciation





# Shared Appreciation Programs



# What is Shared Appreciation?

Down payment assistance that is repaid by sharing in the positive appreciation (or equity) once the home is refinanced or sold.

\*Community and Affordable Seconds guidelines require that the assistance funds are provided by an eligible provider (typically a non-profit or agency) and that they are the only party that can share in the appreciation.

# Borrower Benefits

**0% interest, no monthly payment  
second lien**

**Equal share in appreciation to  
funds borrowed.  
If lien is 20% of the total loan,  
then repayment is money  
borrowed plus 20% of new  
equity.**

**Reduced or no PMI based on  
assistance amount.**

**Doesn't need to be repaid until  
home is sold or refinanced\*.**



# Example

Regular Financing			With Shared Appreciation	
Purchase Price	500,000		Purchase Price	500,000
Shared Appreciation	0		Shared Appreciation (20%)	100,000
Qualifying Purchase Price	500,000		Qualifying Purchase Price	400,000
Down Payment (3%)	15,000		Down Payment (5%)	0
Loan Amount	485,000		Loan Amount	400,000
First Lien Interest Rate	6%		First Lien Interest Rate	6%
<b>Total Payment*</b>	<b>\$ 3,263.49</b>		<b>Total Payment</b>	<b>\$ 2,398.20</b>

\* Principal and Interest (P&I) plus PMI (Private Mortgage Insurance). Taxes and Insurance not included.

# What happens when they sell?

**We'll use 10 years in this example**

The home value at purchase was \$500,000. At resale, the home value is \$600,000 for a \$100,000 value of equity.

Regular Financing			With Shared Appreciation	
Home Value	600,000		Home Value	600,000
Remaining Balance (1 <sup>st</sup> )	405,876		Remaining Balance (1 <sup>st</sup> )	334,743
Shared Appreciation	0		Shared Appreciation	120,000
Borrowers Equity Earned	194,124		Borrowers Equity Earned	145,257

## **Total Savings/Benefit over 10 years:**

Loan Amount (for qualifying): \$400,000 versus \$485,000

Down Payment: \$15,000 savings

Monthly Payment: \$865.29/month

Total payment over 10 years: \$103,835 savings

# Documentation

Fannie Mae, Freddie Mac and Agency guidelines for assistance programs.

**Fannie Mae:** [FNMA Community Seconds Checklist](#)

**Freddie Mac:** [FHLMC Affordable Seconds Checklist](#)

**Grounded Solutions:** [Documentation List](#)

**FHA:** [HUD-Approved Non-Profit Roster](#) (not applicable for Government Entities of NPIOG)

**VA:** Lender/Beneficiary is Government Entity

**USDA:** Second Lien is a “soft second” (no monthly payment)





# *promise* *of home*

**Guild's Promise of Home creates purchasing solutions to help achieve better rates, lower payment options, and more assistance to deliver the promise of home to our customers. Products designed create financial opportunities, security and a way build wealth in an ever-evolving housing market all while creating that customer for life experience.**

## **How we reach borrowers to create customers for life:**

- 1. Education**
- 2. Local Relationships- community lending partners, real estate professionals, branch offices.**
- 3. High Touch – High Tech experience**
- 4. System support- early identify which borrowers may qualify for assistance**
- 5. Loan Product Options**