MH Advantage Financing
Overview
Too many low and mod income homebuyers cannot find an affordable home to purchase.

New home construction continues to lag, and those with prices under $200k are increasingly rare.

New Privately Owned Housing Units Completed By Year (millions)

New Single Family Houses Sold by Sales Price (US, millions)

Note: houses completed (left) will not match new houses sold (right) Source: US Census
Production of starter homes—both in absolute terms and as a share of all new completions—is at historically low levels.

New Privately Owned Housing Units Completed By Year (millions)

Number of New Single-Family Detached and Attached Starter Homes (<2,000 sq ft) Completed (000s, left axis)

Starter Home Share of All Single-Family Detached and Attached Completions (percent, right axis)

Source: Fannie Mae Economic & Strategic Research estimates based on data from the U.S. Census Bureau’s Survey of Construction
Manufactured housing can help ease the shortage in affordable housing stock.

MH has consistently been an affordable option.

- $89,500 average new home sales price
- 9% of new single-family home starts
- $30,000 median HHI
- 22 million people live in manufactured homes

Production of MH is increasing.

- 92,891 in 2017
- 81,169 in 2016
- 70,519 in 2015
- 64,334 in 2014
MH Advantage is a potential solution to the shortage in affordable housing stock.

**What is MH Advantage?**

A new affordable financing option for specific manufactured housing with characteristics more typical of site-built homes.

**Financing similar to site-built**

- Down payment as low as 3%
- Funds for down-payment and closing costs can come from multiple sources, including gifts and grants
- Cancellable mortgage insurance for long-term affordability
MH Advantage Onboarding Overview

How do manufacturers participate?
Manufacturers interested in the MH Advantage program sign the MH Agreement and purchase MH Advantage stickers through the process described in the MH Sticker Schedule. These stickers are then applied to homes meeting the Central Features criteria.

<table>
<thead>
<tr>
<th>Participating Manufacturers</th>
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<tr>
<td>Cavco Industries Inc.</td>
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<tr>
<td>Clayton</td>
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<td>Commodore Homes</td>
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<td>Deer Valley</td>
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<td>Destiny Industries</td>
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<td>Eagle River Homes</td>
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<td>Hallmark Southwest</td>
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<td>Kabco Builders, Inc.</td>
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<td>Kit Custom Homebuilders</td>
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<tr>
<td>Manufactured Housing Enterprises Inc.</td>
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<tr>
<td>Oak Creek Homes, LLC</td>
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<tr>
<td>Pine Grove Homes</td>
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<tr>
<td>Scotbilt Homes, Inc.</td>
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<tr>
<td>Skyline Champion</td>
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<td>Sunshine Homes, Inc.</td>
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What characteristics make a home eligible for MH Advantage financing?

- Home must be designed as part of 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
What characteristics make a home eligible for MH Advantage financing? (Continued)

• 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 or 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 - 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
What characteristics make a home eligible for MH Advantage financing? (Continued)

• 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 is comprised 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.
Site Installation Requirements

On-site installation features include:

• **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
MH Advantage Appraisal Process

Photos

• Appraisers will provide photos of the Data Plate, HUD Labels, MH Sticker, driveway and sidewalks

Comparable Sale Selection

• MH Advantage is a hybrid between manufactured and site-built homes, so appraisers will need flexibility with comparable sale selection

• In October 2018, we issued a clarification to our comparable sales requirements when there is an absence of MH Advantage to supplement with the best and most appropriate sales which may include sales of site built homes.

• The goal is to ensure an accurate appraisal that is reflective of market value, condition, and marketability of the property
Retailer Role and New MH Appraisal Sales:

- Currently, there is a lack of new home sales available to appraisers
- Valid and verifiable Land Home Sales – single transaction of land home vs 2 separate transactions
- The MLS & other vehicles may be utilized to report sales
MH Advantage Sticker Process
Overview

- An MH Advantage sticker will be affixed to homes that are designed to meet MH Advantage eligibility criteria, for easy identification by retailers, lenders, and appraisers.

- Fannie Mae intends to track the application of stickers to monitor product adoption.

- For best practice, manufacturers and their plant managers should establish procedures for ordering, applying, and reporting on stickers to Fannie Mae.
MH Advantage Sticker Process
(continued)

• Participating manufacturers will order stickers through our Designated Vendor and affix them in close proximity to the HUD Data Plate to identify MH Advantage homes

• Builders install homes with certain on-site requirements to meet the MH Advantage program specifications

• Once a borrower has applied for the loan, the appraiser documents the presence of the MH Advantage sticker in the appraisal report

• Manufacturer reports on the application of stickers on a monthly basis to Fannie Mae via the MH_Notices@fanniemae.com mailbox
### Monthly Reporting

**MH Advantage**

Send forms to
MH_Notices@fanniamae.com

<table>
<thead>
<tr>
<th>Manufacturer Name</th>
<th>Month and year of home completion</th>
<th>Where was the home built? (City, State)</th>
<th>HUD Certification Label #(s)</th>
<th>Manufacturer Serial #(s)/VIN #(s)</th>
<th>MH Advantage Sticker Identification #</th>
<th>Where was the home shipped to? (City, State)</th>
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Our marketing team has produced resources to enable manufacturers, lenders, and retailers to discuss the benefits of the MH Advantage program.

Visit [https://www.fanniemae.com/singlefamily/manufactured-homes](https://www.fanniemae.com/singlefamily/manufactured-homes) for resources related to:

- MH Advantage product specifications
- Product overviews for retailers and lenders
- Underwriting and appraisal requirements
- Frequently Asked Questions

MH Advantage Marketing Assistance

What’s New

- Clarified appraisal and requirements for MH Advantage homes
- The Fall 2018 Selling Guide announcements and updates requirements for types of MH Advantage homes.

Training & Resources

MH Advantage is an innovative new mortgage option that offers affordable conventional financing for manufactured housing (MH) with features similar to site-built homes, including:

- Roof treatments distinct from traditional manufactured homes, including awnings and higher pitch roofs.
- 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.

MH Advantage-eligible homes can become a seamless part of any single-family neighborhood.

MH Advantage™ for Manufacturers

Expanding Access to Manufactured Homes

MH Advantage is designed specifically to help buyers finance manufactured housing with features similar to site-built homes.

MH Advantage Highlights

- Better Financing: MH Advantage offers mortgages as low as three percent down for eligible manufactured housing, increasing demand for the houses you build.
- New Customers: Site-built features and site-built financing will attract borrowers who might not otherwise consider manufactured housing.
- Clear and Simple Lender Processes: The underwriting and origination processes are streamlined and straightforward, allowing lenders to manage their MH portfolio with greater ease and flexibility.

Reach Out to Retailers

Engage with retailers to explain how MH Advantage works and how it can help them reach new homebuyers.

MH Advantage Home Spaces for Retailers

MH Advantage Program Overview for Retailers
How does MH Advantage help your business?

• **More liquidity may help drive volume**
  Lenders now have an additional source of financing for manufactured homes, which could encourage more MH sales.

• **Elevates MH perception**
  By providing financing terms similar to traditional mortgages, MH is positioned as a viable alternative to site-built homes.

• **Reach new audiences**
  Expands appeal of MH to homebuyers who may only be focusing their search on site-built homes.
How do homebuyers benefit from MH Advantage?

- **Affordable MH financing**
  Qualifying borrowers can put as little as 3% down. Borrowers save more with MI coverage comparable to site-built homes for fixed rate terms.

- **Built to suit their style**
  Diverse selection of aesthetic features and layouts gives families an opportunity to live in a home that matches their style.

- **Similar to site-built**
  MH Advantage homes are designed to blend seamlessly into their neighborhoods, and affords homebuyers the “look” and features typical of site-built homes.
How can we make MH Advantage a success?

What strategies/tactics can we employ to help the product grow?

Which markets offer the greatest opportunity?

How can we change the perception of MH to increase product awareness?

How can we better connect retailers and dealers with Fannie Mae lenders?