

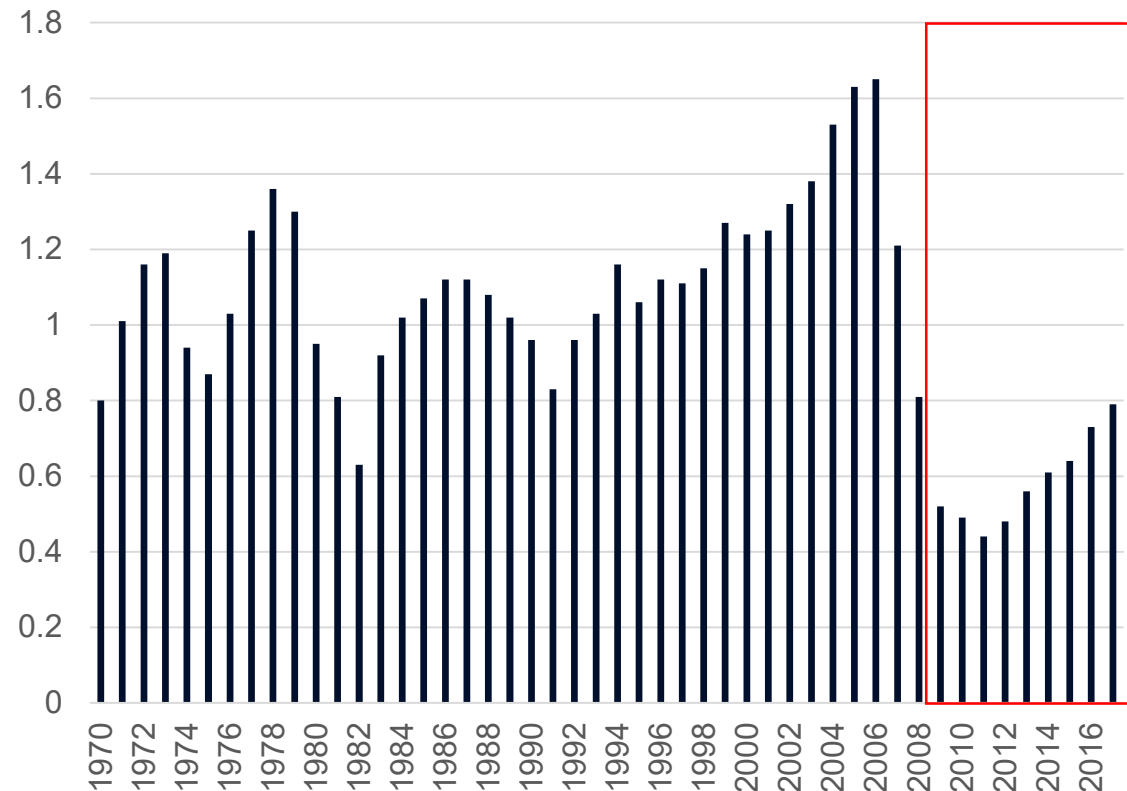
MH Advantage Financing Overview



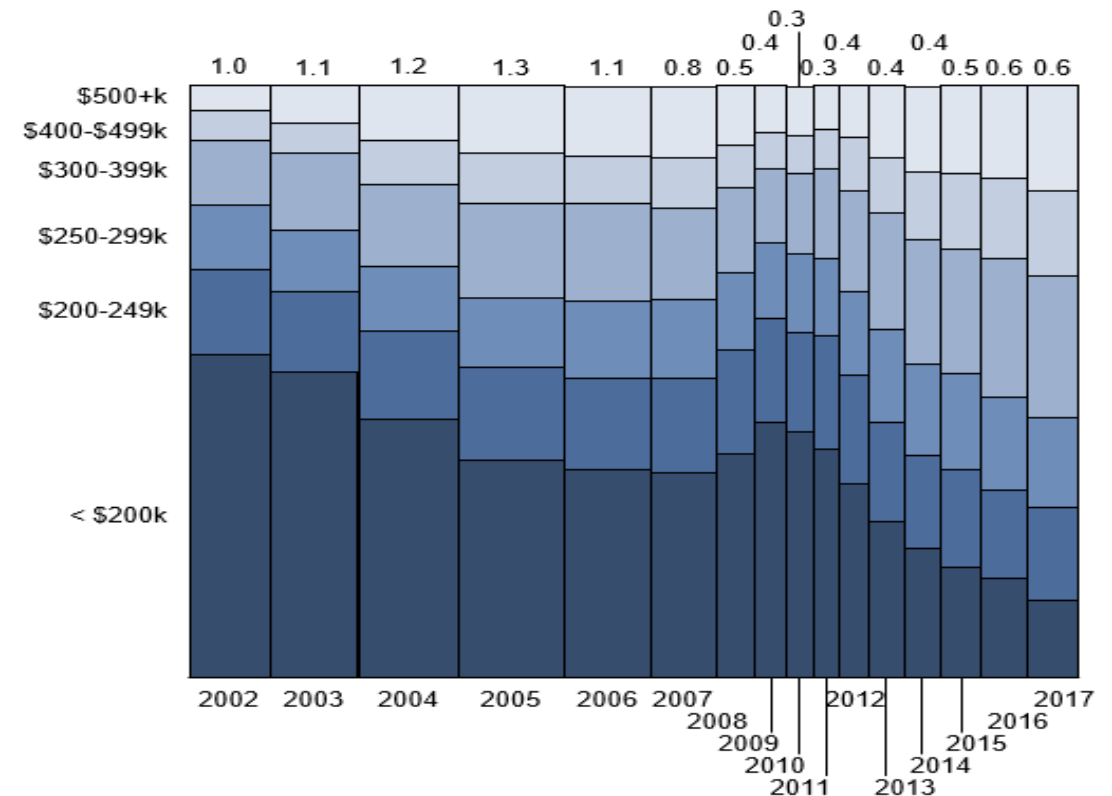
Too many low and mod income homebuyers cannot find an affordable home to purchase.

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

New Privately Owned Housing Units Completed By Year (millions)



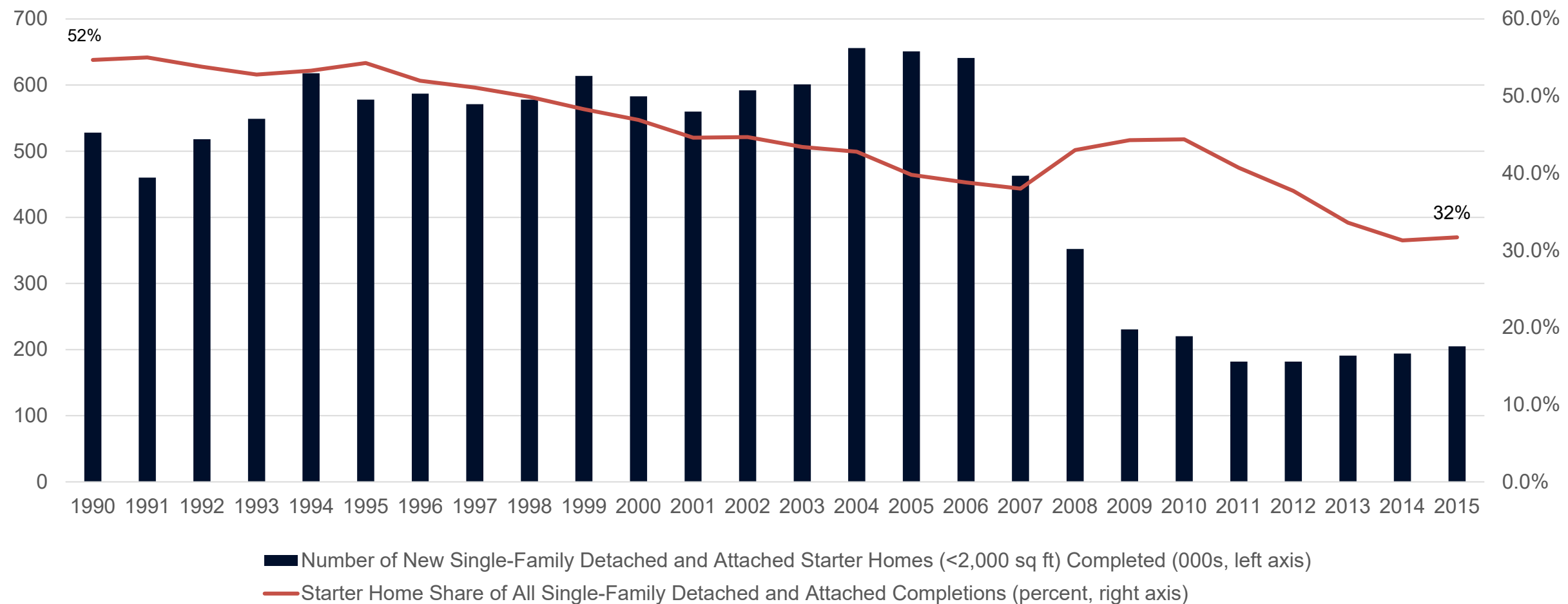
New Single Family Houses Sold by Sales Price (US, millions)



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?

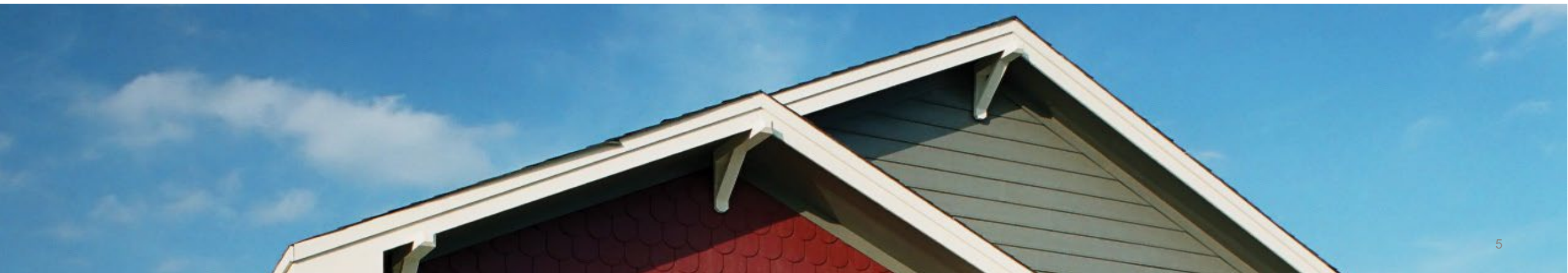
A new affordable financing option for specific manufactured housing with characteristics more typical of site-built homes.

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.

Participating Manufacturers

Cavco Industries Inc.	Destiny Industries	Kit Custom Homebuilders	Scotbilt Homes, Inc.
Clayton	Eagle River Homes	Manufactured Housing Enterprises Inc.	Skyline Champion
Commodore Homes	Hallmark Southwest	Oak Creek Homes, LLC	Sunshine Homes, Inc.
Deer Valley	Kabco Builders, Inc.	Pine Grove Homes	



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



MH Advantage Appraisal Process (continued)

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

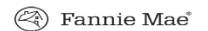
Mortgage Financing Notice

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



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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

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MH Advantage Overview | 1.16.19

MH Advantage Marketing Assistance

- 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>

For resources related to:

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



MH Advantage™ and Standard MH Mortgages

Drive your business forward with manufactured housing, an affordable alternative to site-built homes.



What's New

Clarified appraisal requirements for MH Advantage homes Oct 02, 2018
The October 2018 Selling Guide announcement clarifies our comparable sales requirements for appraisals of MH Advantage homes.

[Show All](#)

Affordable starter homes have become scarcer, smaller, older, and more likely in need of major renovations. They have also seen a significant increase in prices. Fannie Mae believes today's modern, high-quality manufactured homes can help ease the nation's affordable housing shortage, address borrowers' evolving needs, and provide a growing business opportunity for lenders and the industry.



Training & Resources



Learn everything you need to know about financing manufactured housing.

MH Advantage™

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 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.

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.



BACK TO MANUFACTURED HOMES >

Become a Participating Manufacturer

Contact us at MH_Notices@fanniemae.com to get all the details.

Review and sign the MH Advantage contract.

We'll send you an onboarding kit with the information you need to get started.

MH Advantage Highlights

Better Financing

MH Advantage offers mortgages with as little as three percent down for eligible manufactured housing, increasing demand for the houses you build.

Reach 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 Specs 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?

