

# Manufactured Home Guidelines



First Reliance Mortgage is proud to offer a Conventional Mortgage Loan Program for Manufactured Housing. Manufactured Housing Loans expand affordable housing options for consumers and may be an attractive option for your borrowers.

## **Program Highlights:**

1. All loans must have a DU Approve/Eligible or LP Accept
  - a. **Note:** Manufactured Homes are ineligible for USDA via FRM
2. The home must be classified as a “Double Wide” Home or Larger
  - a. **Note:** Single Wide Homes are not ineligible
3. Structural Additions / Modifications to the Home are ineligible (unless reviewed and approved by First Reliance Bank)
4. Borrowers with previous Bankruptcy, Foreclosure, or Short Sales are ineligible.
5. Manufactured Homes Built before June 15, 1976 are ineligible.

## **Additional Overlays:**

### **Primary Residence**

- Maximum LTV of 95% for Purchase and Rate/Term Transactions
- Maximum LTV of 65% for Cash Out Refinances
- Minimum Representative FICO of 660
- DU or LP Approval Required

### **Second Home**

- Maximum LTV of 90% for Purchase and Rate/Term Transactions
- Cash Out Refinances Ineligible
- Minimum Representative FICO of 660
- DU or LP Approval Required

### **Investment Property**

- Ineligible

### **Private Mortgage Insurance**

- Required on all loans above 80% LTV
- Please note: it is important to confirm with the insuring company that they will insure a conventional manufactured home loan.

### **Property Requirements**

- Manufactured Home must be taxed as Real Property
- Manufactured Home must have HUD Seal
- Construction to Permanent – See Freddie Mac Guidelines below
- No “trade equity” allowed
- Appraisal must include Form 1004C

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## Additional Program Notes:

### **Property Valuation for Paying off a Construction Loan (New Manufactured Housing)**

#### **Fannie Mae**

Property Value is determined by the lesser of the Appraisal or Acquisition Cost. If the borrower has owned the land for 12 months, we can use the appraised value of the land + acquisition cost. Acquisition Cost = (cost of lot + construction (set up costs) + actual cost of the home).

#### **Freddie Mac**

**\*\*\*\* Freddie will allow you to use current appraised value\*\*\*\***

Manufactured housing data plate. Currently, our policy on manufactured housing requires both the HUD Data Plate and HUD Certification Label information be provided in the appraisal report along with photo exhibits, if available. **With this policy update, only one of the two will be required.** Specifically, ▪ If only one of these is available to the appraiser, that will satisfy compliance with the Selling Guide. (Note that this applies to each section of the home.) ▪ If neither are available, the lender must obtain either a Label Verification Letter with the HUD Certification Label(s) information or duplicate HUD Data Plate/Compliance Certificate from the Institute for Building Technology and Safety (ITBS). The lender may also contact the In-Plant Primary Inspection Agency or the manufacturer for the HUD Data Plate information. Note: **This update does not apply to newly constructed manufactured homes because these items must be present on all new units**

#### **IBTS link:**

<https://lvr2.ibts.org/#/LandingPage>

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## Important Closing Instructions for Manufactured Homes

1. TITLE COMMITMENT: Must include ALTA Endorsements 7, 8.1 and 9
2. LEGAL DESCRIPTION FOR SECURITY INSTRUMENT AND TITLE COMMITMENT:
  - A. The property description section of the security instrument and title commitment must include a comprehensive description of the manufactured home and the land. The description must include the serial or VIN number (or the serial number or VIN for each unit if the home is multi-width) make, model, size, and any other information that may be required by applicable law to definitively identify the home.
  - B. The security instrument and title commitment must state that the manufactured home is an improvement to the land and an immovable fixture or must include similar language as may be required by applicable law to assure, to the greatest extent possible, that the manufactured home is treated as real property under applicable state law.
3. MANUFACTURED HOME RIDER: The borrower must sign a Manufactured Home Rider that is to be attached to and recorded with the security instrument.
4. AFFIDAVIT OF AFFIXTURE:
  - A. The borrower and the lender must sign an Affidavit of Affixture that acknowledges their intent for the manufactured home to be permanently part of the real property that secures the mortgage and contains any specific language that may be required by applicable law.
  - B. The Affidavit must be recorded simultaneously with the security instrument.

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