



ASSISTANT SECRETARY FOR HOUSING  
FEDERAL HOUSING COMMISSIONER

**Date: December 22, 2020**

**Mortgagee Letter 2020-48**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

---

**Subject**                      Manufactured Housing Appraisal Sales Comparison Approach Update

---

**Purpose**                        This Mortgagee Letter (ML) updates the Federal Housing Administration (FHA) Manufactured Housing criteria for Appraisal comparable selection with a standard specific to manufactured homes that have been certified under the Fannie Mae MH Advantage<sup>®</sup> or the Freddie Mac CHOICEHome<sup>®</sup> program.

---

**Effective Date**            This guidance is effective immediately for appraisals with effective dates on and after the ML publication date through December 31, 2022

All policy updates will be incorporated into a forthcoming revision of the Department of Housing and Urban Development (HUD) Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1).

---

**Public Feedback**            HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

---

### **Affected Programs**

This guidance applies to Mortgages secured by Manufactured Homes that are insured under FHA Title II Single Family Forward and Reverse Mortgage Programs.

---

### **Background**

HUD's Manufactured Home Construction and Safety Standards (MHCSS) mandates federal standards for design, construction, and installation of manufactured homes to assure the quality, durability, safety, and affordability of manufactured homes. These standards cover body and frame requirements, thermal protection, plumbing, electrical, fire safety, and other aspects of the home as published in the Code of Federal Regulations under 24 CFR Part 3280, *et seq.* Manufactured homes constructed on or after June 15, 1976, in conformance with the federal MHCSS, as evidenced by an affixed HUD Certification Label are also referred to as HUD Code homes.

Today's modern, manufactured homes include an emerging category built to HUD Code with additional characteristics found more commonly in site-built construction, including but not limited to, high pitch roof line; interior drywall finish, increased energy efficiency, covered porch, dormer and attached garages or carports. The Government-Sponsored Enterprises (GSEs) have recognized these homes represent a unique category of Manufactured Housing and have implemented programs including Fannie Mae's MH Advantage<sup>®</sup> and Freddie Mac's CHOICEHome<sup>®</sup> programs. Each program established specific construction attributes, beyond the HUD Code, and provides for the manufactured home to be granted MH Advantage<sup>®</sup> or CHOICEHome<sup>®</sup> certification, as applicable, if it meets the respective program's requirements.

Handbook 4000.1 requires the comparable sale selection to include properties with the same or similar location and physical characteristics as the Property. Additionally, for Manufactured Housing, the Appraiser must include at least two Manufactured Homes sales to support the Property's value and marketability. The emergence of this modern category of Manufactured Housing, which is HUD-certified and MH Advantage<sup>®</sup> or CHOICEHome<sup>®</sup> - certified, necessitates specific comparable selection guidance targeted to the eligibility for FHA insurance of manufactured homes meeting these program construction requirements. Updating the sales comparison approach for Manufactured Housing is consistent with and supported by the Executive Order of June 25, 2019, designed to Eliminate Regulatory Barriers to Affordable Housing.

---

**Summary of Changes**

The change in this ML updates the sales comparison approach comparable selection guidance for a category of Manufactured Housing that meet the Fannie Mae's MH Advantage<sup>®</sup> or Freddie Mac's CHOICEHome<sup>®</sup> program certification requirements.

---

**Single Family Housing Policy Handbook 4000.1**

**Section II.D.5.k.**

**Sales Comparison Approach for Manufactured Housing**

**i. Required Analysis and Reporting**

The Appraiser must include a sufficient number of sales to produce a credible value. The Appraiser must include at least two Manufactured Homes in the comparable sales grid.

**ii. Exception (Expires on December 31, 2022)**

For a Manufactured Home certified based on the construction requirements of Fannie Mae's MH Advantage<sup>®</sup> or Freddie Mac's CHOICEHome<sup>®</sup> program, the Appraiser must include at least two comparable sales with similar certification, when available. If less than two comparable MH Advantage<sup>®</sup> or CHOICEHome<sup>®</sup> sales are available, the Appraiser may utilize other factory-built or site-built construction and must provide detailed justification to support the Appraiser's selection of comparable properties and the adjustments made for dissimilarities to the subject property.

A Manufactured Home certified based on the construction requirements of Fannie Mae's MH Advantage<sup>®</sup> or Freddie Mac's CHOICEHome<sup>®</sup> programs must have Fannie Mae's MH Advantage<sup>®</sup> Sticker or Freddie Mac's CHOICEHome<sup>®</sup> Label affixed near the HUD data plate. The appraiser must include photos of the Fannie Mae's MH Advantage<sup>®</sup> Manufacturer Sticker or Freddie Mac's CHOICEHome<sup>®</sup> Label in the appraisal report for the Manufactured Home to meet the documentation requirement.

---

## Mortgagee Letter 2020-48, Continued

---

### **Paperwork Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Numbers 2502-0059 and 2502-0538. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

---

### **Questions**

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

---

### **Signature**

Dana T. Wade  
Assistant Secretary for Housing –  
Federal Housing Commissioner