



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: November 2, 2023**

**Mortgagee Letter 2023-18**

**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

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**Subject** Update to the Sales Comparison Approach for Manufactured Housing

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**Purpose** This Mortgagee Letter (ML) updates the Federal Housing Administration's (FHA) Manufactured Housing comparable sales selection requirements for appraisals conducted in support of a mortgage submitted for FHA insurance and aligns with the requirements of the Fannie Mae MH Advantage® and Freddie Mac CHOICEHome® programs.

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**Effective Date** The provisions of this ML are effective immediately.

All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

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**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) or call 1-800-CALLFHA (1-800-225-5342). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** The provisions of this ML apply to Mortgages insured under FHA's Title II Single Family Forward and Home Equity Conversion Mortgage Programs.

**Background** In ML 2020-48, Manufactured Housing Appraisal Sales Comparison Approach Update, published on December 22, 2020, FHA established an exception to the traditional comparable sales selection requirements for appraisals of Manufactured Homes. This exception is applicable when the subject Property is a Manufactured Home certified under Fannie Mae’s MH Advantage® and Freddie Mac’s CHOICEHome® programs and was scheduled to expire on December 31, 2022. With the publication of an update to Handbook 4000.1 on January 18, 2023, that expiration date was removed to extend the exception indefinitely.

Through this ML, FHA updates the exception to its Sales Comparison Approach for Manufactured Housing to align more closely with industry standards.

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**Summary of Changes** This ML updates the exception in the Sales Comparison Approach for Manufactured Housing (II.D.5.k) section of the Single Family Housing Policy Handbook 4000.1.

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**FHA Single Family Housing Policy Handbook 4000.1** The policy change will be incorporated into Handbook 4000.1 as follows:  
**Sales Comparison Approach for Manufactured Housing (II.D.5.k)**

**i. Required Analysis and Reporting**

**Origination through Post-closing/Endorsement** 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 Sales Comparison Approach (SCA) Grid.

**ii. Exception**

For a Manufactured Home certified based on the construction requirements of Fannie Mae’s MH Advantage® or Freddie Mac’s CHOICEHome® program, the Appraiser must include at least two comparable sales with similar certification, when available. If fewer than two comparable MH Advantage® or CHOICEHome® sales are available, the Appraiser must use the most appropriate site-built comparable sales available 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® or Freddie Mac’s CHOICEHome® programs must have Fannie Mae’s MH Advantage® Sticker or Freddie Mac’s CHOICEHome® Label affixed near the HUD data plate. The Appraiser must

## Mortgage Letter 2023-18, Continued

include photos of the Fannie Mae's MH Advantage® Manufacturer Sticker or Freddie Mac's CHOICEHome® Label in the appraisal report for the Manufactured Home to meet the documentation requirement.

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### **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 (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; 2502-0610; and 2502-0611. In accordance with the PRA, 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.

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### **Questions**

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), [answers@hud.gov](mailto:answers@hud.gov), or [www.hud.gov/answers](http://www.hud.gov/answers). The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as from individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

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### **Signature**

Julia R. Gordon  
Assistant Secretary for Housing -  
FHA Commissioner

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