



Freddie Mac

# CHOICEHome<sup>®</sup>

The Next Generation of Factory-Built Housing

A resource for manufacturers, retailers and developers

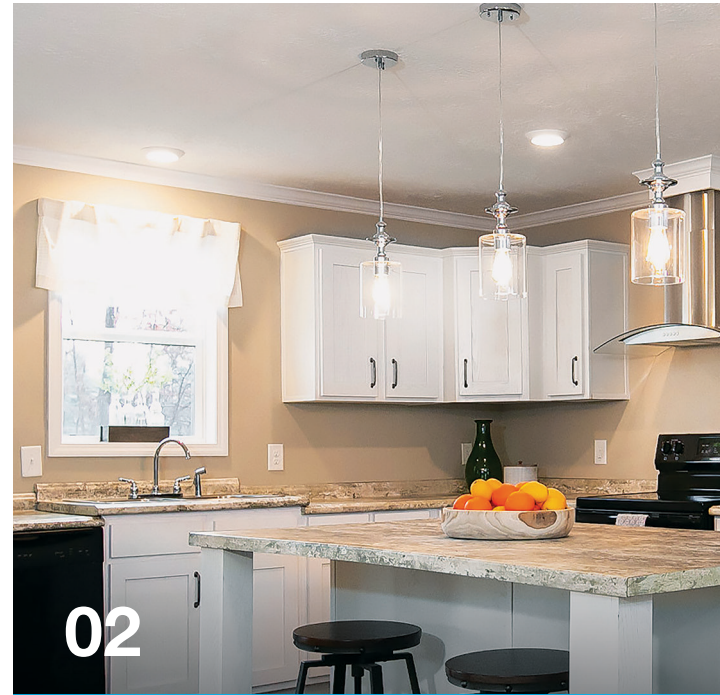
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*Freddie Mac CHOICEHome<sup>®</sup>*  
*The initiative our industry has been waiting for*

## What is CHOICEHome?

CHOICEHome is our innovative and affordable mortgage initiative, offering conventional site-built financing for real-property factory-built homes, that are built to HUD Code but with many features of site-built homes.

Plus, in appraising these homes, the Appraiser must use the most appropriate site-built homes as comparable sales when no CHOICEHome comparables are available.

Traditional HUD-coded Manufactured Homes are not required as comparable sales for CHOICEHome due to CHOICEHome's required architectural elements and structural specifications.

At last, there's parity in financing between factory-built homes and site-built homes.

01

# ABOUT CHOICEHOME



## Why CHOICEHome?

The housing shortage is making it difficult for prospective homebuyers to find affordable homes for sale. So where can they turn? The same place that more than 22 million other families have turned to experience homeownership: factory-built housing.

CHOICEHome can be the viable source for sustainable, affordable homes the country needs. It can also improve the perception of manufactured homes and increase their reputational value.

### With CHOICEHome

- Lenders get the additional financing options and flexibilities they need to support factory-built housing.
- Manufacturers and retailers can expand their client base to more consumers who may not have considered factory-built housing.
- Builders and developers can expand their client base to more consumers who have been priced out of the site-built market.
- Borrowers get more options and access to high-quality, affordable homes.

## Affordable Housing with Affordable Financing

At last, parity in financing with site-built homes. Provides comparable:



Interest rates



Loan terms



Underwriting



Site-built sales  
for appraisals



# 02

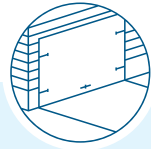
# FEATURES & REQUIREMENTS

## What Buyers Want in a Factory-Built Home...

Market research shows that nearly 50 percent of perspective customers found a manufactured home appealing when it had these key construction and architectural features:



Higher pitch roof



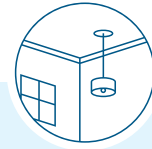
Attached garage or carport



Traditional lower profile placement with a masonry or block surrounding wall



Drywall throughout the home, including closets



Energy-efficient features



Ranch style with optional built-in porch

## ...CHOICEHome Delivers



### Roof Pitch

- Minimum roof pitch of a 4/12 with minimum of 4" eaves



### Garage Features

Must have 2 of 3 features:

- Dormer(s)
- Covered porch (72 sq. ft minimum)
- Attached or detached, garage or carport\*, to accommodate at least 1 car

\*Materials and finish of the garage/carport should be the same or comparable to that of the home



### Foundation

The permanent foundation must comply with the following requirements:

- Meet HUD's Permanent Foundation Guide for Manufactured Housing
- Be engineer designed and certified for the specific dwelling and site
- Include a perimeter mortared masonry blocking wall set on a poured perimeter footer
- Elevation design must be a low-profile/residential set finished floor set



### Home Interior

- Added option to upgrade drywall finishes
- Bath and kitchen cabinetry with solid wood or veneer wood fronts. No paper-wrapped cabinet doors or stiles
- Showers and tubs must be acrylic, composite, enamel/porcelain coated-steel, fiberglass, solid surface, or tile



### Energy-efficient features

Each CHOICEHome must be built to exceed current HUD energy-efficiency requirements for the property location. The dwelling must have:

- Minimum insulation values of 33 (ceiling), 11 (wall), and 22 (floor)
- Low-E rating windows
- A programmable thermostat



### Property Type

- Must be a multi-section home with minimum 1,000 square feet gross living area

CHOICEHome®

FreddieMac

The Manufacturer of this home, shown on the HUD Certificate, certifies that as of the date of manufacture this home meets the manufacturing eligibility requirements of CHOICEHome®.

CHOICEHome® is a Freddie Mac program for manufactured housing mortgage loans.

**Homeowner:** Do not remove or damage this notice. This notice is required to identify this home for participation in the CHOICEHome® program for refinance or purchase.

CHOICEHome® Number:

xxxx

### Freddie Mac CHOICEHome

Factory-built homes meeting CHOICEHome eligibility receive CHOICEHome certification and qualify for the same financing as site-built homes. The manufacturer places a sticker with the CHOICEHome serial number near the HUD data plate signifying the home is CHOICEHome eligible.

Manufacturers also make the home's blueprints and specifications available to lenders (Via PDF file) with elevations and foundational recommendations for the home.

## Retailers/Builders/Developers - Here Are Your Site Installation Requirements

Once the manufacturer has certified a home as CHOICEHome eligible, the retailer takes over for the onsite installation of the home, ensuring these requirements are met:

- Permanent foundation
- Elevation designed with a low-profile/residential set finished floor set
- Site improvements like connection to public utilities or well and septic system

Must have one of the following pairs:

- Dormer(s) and covered porch (minimum 72 square feet)
- Dormer(s) and attached or detached, garage or carport
- Covered porch (minimum 72 square feet) and attached or detached, garage or carport

Retailer/Builder/Developer should consider providing for:

- Site work normally provided for site-built homes, such as flatwork, including hard surface driveways, walks, porches, patios and steps (concrete, cement, pavers or brick)
- Finished grading, seeding and foundational landscaping

*We designed CHOICEHome to meet the industry's wants and needs.*



# 03

## FREQUENTLY ASKED QUESTIONS

### Retailers

#### **Getting quality appraisals on HUD Code homes permanently affixed to real property has been difficult. How will CHOICEHome change that?**

We've worked with the Appraisal Institute to do the following:

- Develop a curriculum for training appraisers generally on real-property manufactured housing transactions
- Develop a new curriculum specifically for CHOICEHome

Non-CHOICEHome mortgages that are secured by manufactured homes must be supported by manufactured housing comparable sales in the appraisal process. CHOICEHome allows the appraiser specifically to use site-built comparable homes in the appraisal process when no CHOICEHome or similar quality factory-built comparable sales are available.

#### **Is there anything else I can do or provide to the appraiser that might also help?**

Absolutely. Make sure your manufacturer provides the PDF blueprints of the home with specifications, elevations and foundation recommendations. Also, if you have sold a CHOICEHome-eligible home in the last 12 months, be prepared to offer documentation of that sale or sales to the appraiser. The more data the appraiser has, the better the appraisal outcome.

#### **Why should I consider doing all of the flatwork, grading and landscaping?**

While not required, remember that the residential styling, construction and energy-efficient features of a CHOICEHome-eligible home provide an attractive alternative to costlier site-built homes. Plus, builders of site-built homes provide all of those finishing touches that the customer expects. Also, completing a project in this manner makes a very favorable impression on the customer and the appraiser.

#### **How do I explain the financing benefits of CHOICEHome to the customer?**

Because their architectural, construction and energy-efficient features are similar to those of site-built homes, CHOICEHomes would be eligible for certain mortgage options that are offered to buyers of site-built homes. If interested, the buyer is free to obtain more detailed information from the list of lenders offering CHOICEHome mortgage financing.

#### **CHOICEHome-eligible CHOICEHomes cost more than the manufactured homes I currently sell. Why should I invest that much money to have a model home on display?**

A CHOICEHome properly displayed and decorated can attract homebuyers who may have been priced out of the traditional site-built market. This includes those who might not otherwise have considered a factory-built home and helps expand your business beyond traditional markets.



*Seeing is believing. A CHOICEHome-eligible property will attract clients who have been priced out of the traditional site-built market.*

## Manufacturers

### **I understand that this is a new product for the industry. Are there limitations on the number of retailers that can offer CHOICEHome?**

Freddie Mac has not placed limits on the number of retailers the manufacturer may select for CHOICEHome. Freddie Mac strongly suggests, however, that the retailers selected have a track record of excellent executions on real-property transactions and a high-level of understanding of CHOICEHome. Freddie Mac also will provide a web-based CHOICEHome orientation seminar for participating retailers.

### **If we commit to the CHOICEHome initiative, will Freddie Mac offer ongoing assistance if needed?**

Freddie Mac views this as an opportunity for you to provide feedback on CHOICEHome and will provide ongoing assistance as necessary. To ensure the success of CHOICEHome, we want to know about your experiences and the reception from retailers as well as the number of homes ordered and in the pipeline. It's only through continuing dialogue that we can realize CHOICEHome's potential.

### **We have heard Freddie Mac use the term "legacy financing." What does that mean?**

If Freddie Mac purchased the mortgage on a CHOICEHome, that property is eligible for the same refinancing opportunities as site-built homes. A subsequent buyer of the property may also receive the same financing options. So, once eligible, always eligible, as long as the home has not been modified or altered to affect the structural integrity.

### **What are the benefits that Freddie Mac sees for this initiative?**

Freddie Mac firmly believes that the manufactured housing industry can play a critical role in addressing the affordable housing crisis in the country. We also believe the industry has been undervalued, underused and misunderstood. This is an opportunity for HUD Code factory-built housing to become part of mainstream housing in this country.

### **A 4/12 roof incline may be problematic in my state. What are the alternatives?**

Minimum standards for a CHOICEHome include higher-pitch roof lines. If a manufactured home doesn't meet this standard, we have other manufactured home conventional loan options available in our Seller/Service Guide. However, if a lower roof pitch conforms to the neighborhood, we'll consider it on a case-by-case basis.



# 04

# ADDITIONAL INFORMATION

## With CHOICEHome, Selling More Homes and Dreams Just Got Easier

The expected all-in costs or price point with land, land improvements, home and site completion work (garage, porch, flatwork, driveway, grading, landscaping) is expected to be \$200,000 to \$250,000. That is a different price point and market than the existing manufactured housing market.

That means you're adding a substantial new market to your existing business.

That's why selling more homes —and making homeownership dreams a reality— just got easier!

## It's Our New Initiative, Not the Only One

CHOICEHome is just one part of our plan to target the overall manufactured housing market. We continue to support more conventional manufactured housing markets for borrowers with low and very low incomes through a variety of other efforts.

*"No compromise required with high-valued manufactured homes financed with CHOICEHome. It has every feature homebuyers want today."*

*Chris Nicely CEO, Next Step Network, Inc.*



*"Never in the history of manufactured housing has the homebuyer had access to financing programs equal to what the site-built clients have. This is a real game changer for our industry...CIS is very excited to offer CHOICEHome to the marketplace and looks forward to great success and a strong alliance with Freddie Mac in the future."*

*Scott MacFarlane, Executive Senior Vice President, CIS Financial Services, Inc.*

*For more information on our CHOICEHome initiative, visit our web page at [FreddieMac.com/CHOICEHome](https://FreddieMac.com/CHOICEHome)*





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