

2025 Manufactured Housing Loan Product

ACTIVITY:

A. Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

OBJECTIVE:

5. Promote resident stability and improved loan performance through the development of a community of practice focused on secure tenancy in MHCs.

SUMMARY OF RESULTS:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Develop a leasehold MH policy approach that strengthens consumer disclosures and protections while engendering support from the MH industry, necessarily incorporating the following considerations:	Informed by the implementation steps below, Fannie Mae launched a new lending program expanding access to credit for manufactured housing (MH) located in land-leased communities. While prior efforts in this market segment have focused on collective ownership arrangements such as resident-owned communities (ROCs) this new program will be made available for residents in traditional land-leased manufactured housing communities (MHCs) that meet certain legal and collateral standards. As traditional MHCs represent the substantial majority of the roughly 43,000 MHCs in the country, our efforts represent a significant contribution to the MH industry and are directly responsive to feedback shared through prior Duty to Serve listening sessions. ¹	
<input checked="" type="checkbox"/> Review known long-term leases in use in MHCs today to identify strengths and gaps in protections for both the borrower and the community owner.	We reviewed long-term MH leases known to be used in investor-owned MHCs today. Although these leases exhibited some strengths, including recognition of certain rights for a secured lender, the leases we reviewed did not always meet our standards for leasehold mortgage loans. We will continue the industry engagement efforts described in this narrative to ensure our program achieves a suitable balance between risk management and usability in the marketplace.	
<input checked="" type="checkbox"/> Consider the need for new origination policies that improve	For this new MH program, we introduced a new requirement that the borrower's underwritten	

¹ Paul Bradley, Chief Executive Officer of ROC USA comments during FHFA Duty to Serve Public Listening Session, February 9th 2017. https://www.fhfa.gov/sites/default/files/2023-07/DTS-Listening-Session-Transcript_Webinar.pdf



<p>consumer disclosures and mitigate delinquencies, such as the requirement that annual pad rent increases be tied to a measurable price index.</p>	<p>monthly housing expense be based upon the estimated fifth year ground rent payment as determined by a prescribed ground rent calculation in the lease. Notably, the work described under this implementation step contributed to a broader conversation within Fannie Mae about <i>Selling Guide</i> policies for leasehold loans. As such, the aforementioned policy for this MH program is planned to be more broadly adopted across our standard <i>Selling Guide</i> policies for leasehold loans at a future date. This demonstrates that the work completed as part of our Duty to Serve Plan continues to inform our broader affordable housing approach.</p>	
<p><input checked="" type="checkbox"/> Anticipate consumer impacts arising from lease termination, either through refinance or sale of the home or as a result of carrying the lease to term.</p>	<p>While we considered modifying our policies, we determined that our existing requirement that the lease be at least 5 years longer than the term of the mortgage is an effective collateral risk mitigant that also enables the tenant to negotiate a new lease at the end of the term. Given this, no new policies regarding lease termination were developed.</p>	
<p><input checked="" type="checkbox"/> Anticipate consumer impacts arising from the sale of the community or foreclosure upon lien on the underlying fee estate.</p>	<p>We implemented a new policy for all leasehold loans on September 1, 2025. The policy clarifies that, moving forward, for any leasehold estate loans, we will require that the fee estate not be subject to any prior secured loans or other liens, unless the secured party or lienholder has agreed not to disturb the lease if it becomes the owner of the fee estate via a foreclosure proceeding. This will ensure continuity of use for these MHCs while bolstering resale value and improving consumer outcomes for residents of these communities.</p>	
<p><input checked="" type="checkbox"/> Consider program elements that would afford community owners greater control over leasing decisions, such as credit and background checks on sublessees and/or assignees.</p>	<p>To support free assignability of the lease as part of our mortgage collateral, we decided to continue to apply our existing leasehold estates policy requirement, which does not permit credit and background checks on sublessees and assignees.</p>	
<p><input checked="" type="checkbox"/> Consider the need for new servicing policies that mitigate delinquencies and loss severity, such as more deliberate notice requirements in an instance of default under the land lease, or more deliberate instructions to servicers regarding escrow of pad rent and other costs.</p>	<p>We did not need to develop any new policies for servicing MH leasehold loans, since our standard Security Instruments establish failure to pay ground rents as an instance of default for which the servicer has several available remedies in our <i>Servicing Guide</i>.</p>	



<input checked="" type="checkbox"/> Meet with at least ten stakeholders, including community operators, secondary market participants, lenders, or other market participants, to review leasehold lending policies.	We met with no fewer than 21 stakeholders, including lenders, mortgage insurers, community developers, and local practitioners, and used their feedback to inform the development of this new MH program.	
<input checked="" type="checkbox"/> Revise leasehold MH program approach by Q4, if feasible.	We launched a new lending program for MH on a leasehold estate, which will be made available for residents in land-leased MHCs that meet certain legal and collateral standards.	

SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Target partially completed
- No milestones achieved

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

We believe this new program can be the linchpin for unlocking new planning and zoning approvals for land-lease MHCs across the country. Today, there are an estimated 43,000 MHCs in the U.S., which have roughly 4 million pad sites.² While the public discourse regarding MHCs remains contentious, it is undeniable that MHCs have provided affordable housing and an appealing community-centric lifestyle option for low- and moderate-income homebuyers for many years.³ Despite this affordability, virtually all of the homes in these communities are financed with personal property loans that generally have worse product terms and fewer consumer protections than mortgage loans — a reality that has contributed to a dearth of new community development over the last 20 years.⁴ The central friction which has limited greater Single-Family mortgage liquidity in MHCs is the homeowner’s lack of substantive control over the underlying land and the related effects on loan performance and collateral value. Without exerting undue control over the landowner’s business practices, this new lending program introduces new underwriting and legal documentation requirements which improve the Single-Family lender’s ability to underwrite future increases and require continuity of use for the underlying land which may otherwise have been sold to another investor or redeveloped for another purpose. Thus, by expanding our conventional lending programs for MH to include land-leased communities, we are responding to a long-standing market need while also charting a path forward in improving consumer outcomes and delivering net-new affordable housing stock to communities across the country.

While our program will bring the benefits of conventional financing to residents of MHCs, our commitment to managing credit and collateral risks as expressed in the above implementation steps is the hallmark of our MH market development approach. Eligible communities must meet minimum collateral standards and agree to certain provisions in their leases that improve

² <https://www.manufacturedhousing.org/industry-resources/community-research/manufactured-housing-communities-in-the-u-s/>

³ <https://www.manufacturedhomes.com/blog/new-consumer-research-findings-mhis-latest-consumer-survey/>

⁴ <https://www.fanniemae.com/media/44616/display>



consumer disclosures while still affording the MHC operator an acceptable degree of control over its leasing practices. Accordingly, we expect that this program may have the long-term effect of bifurcating the land-lease MHC sector between those communities that use short-term leasing arrangements and those committed to longer-term arrangements, which guarantee continuity of use and stable tenancy for residents.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

As described above, we are aware of a handful of MHCs operating today that offer a long-term leasehold option for residents. In conducting outreach to mortgage lenders involved in these communities, we were somewhat surprised to learn that MH leasehold loans generally perform well, and most lenders did not apply higher levels of underwriting due diligence compared to other loans. While this Objective anticipated the development of new policies to better manage delinquencies and loss severity, the loan program we produced this year largely mirrors the policies in place today for leasehold loans in our *Selling Guide*, which we expect will aid lenders and community developers in adoption of our program.

We have identified a handful of potential early adopters of this program through our engagements with lenders and community developers this year. While these communities may still face certain challenges in receiving zoning and planning approvals from local planning authorities, we believe our investment in this critical market sector will be a catalyst for these planning approvals and will enable this work to be measured by incremental loan purchases in the coming years.

3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?

N/A