

Chapter 5706: Manufactured Homes on Leasehold Estates

5706.1: Purchase of Mortgages secured by Manufactured Homes on leasehold estates (06/04/25)

Freddie Mac will purchase a Mortgage secured by a Manufactured Home on a leasehold estate when there is demonstrated market acceptance. Mortgages that are secured by a Manufactured Home on a leasehold estate must meet the requirements of this Chapter 5706.

The Seller must obtain Freddie Mac's written approval before selling Mortgages secured by a Manufactured Home on a leasehold estate to Freddie Mac by contacting its Freddie Mac representative or Customer Service at 800-FREDDIE.

Mortgages secured by Manufactured Homes on leasehold estates must satisfy the provisions of Chapter 5703 and related Guide sections pertaining to Manufactured Homes and Chapter 5704 and related Guide sections pertaining to leasehold estates.

5706.2: Property eligibility for Mortgages secured by Manufactured Homes on leasehold estates (06/04/25)

To be eligible for purchase by Freddie Mac, a Manufactured Home on a leasehold estate must be:

- A one-unit dwelling comprised of multiple sections (a "multiwide Manufactured Home")
- Located on a leasehold estate meeting the requirements of Chapter 5704; and
- Located in a ground lease community
 - ❑ For ground lease communities that are Condominium Projects, the Seller must comply with the Condominium Project requirements and warranties in Chapter 5701
 - ❑ For ground lease communities that are Planned Unit Developments (PUDs), the Seller must comply with the PUD requirements and warranties in Chapter 5702

A Manufactured Home on a leasehold estate must not include an ADU.

Note: See Chapter 4504 for requirements for HeritageOne® Mortgages, including the special requirements for HeritageOne Mortgages that are leasehold Mortgages secured by Manufactured Homes in Section 4504.8.

5706.3: Eligible transaction types for Mortgages secured by Manufactured Homes on leasehold estates (06/04/25)

This section contains requirements related to:

- [Purchase transactions](#)
- [“No cash-out” refinance transactions](#)

A Mortgage secured by a Manufactured Home located on a leasehold estate may be a purchase transaction or a “no cash-out” refinance transaction.

For a new Manufactured Home, whether it is affixed to a permanent foundation prior to or after the Application Received Date, the Seller must obtain a copy of the manufacturer’s invoice and Manufactured Home Purchase Agreement.

(a) Purchase transactions

A purchase transaction is one in which the Mortgage proceeds are used to finance the purchase of the Manufactured Home. The proceeds may also be used to purchase the leasehold interest in the land, as the Borrower does not separately own the land.

For Manufactured Homes, the following requirements apply:

- The purchase price may include documented costs for delivery and setup, installation and permanent utility connections, including well and/or septic systems
- Credits for wheels and axles and any Manufactured Home retailer rebates must be deducted from the purchase price along with any sales concessions in accordance with Section 5501.6(c)
- Financing of any forms of insurance, except for mortgage insurance, or other costs is not allowed for purchase transactions

The maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios (if applicable) for a purchase transaction Mortgage secured by a newly built Manufactured Home (not previously owned) and/or not affixed to a permanent foundation as of the Application Received Date are based on value calculated as the lower of:

- The purchase price of the Manufactured Home and leasehold interest in the land, or
- The current appraised value of the Manufactured Home and leasehold interest in the land

The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a purchase transaction Mortgage secured by a previously owned Manufactured Home that is affixed to a permanent foundation prior to the Application Received Date is based on value calculated as the lower of:

- The purchase price of the Manufactured Home and leasehold interest in the land, or
- The current appraised value of the Manufactured Home and leasehold interest in the land

(b) “No cash-out” refinance transactions

A “no cash-out” refinance transaction involves the payoff of an existing Mortgage secured by the Manufactured Home and leasehold interest in the land. The loan amount is limited to the amounts used to:

- Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the existing first Mortgage secured by the Manufactured Home and leasehold interest in the land
- Pay off any costs or fees associated with the satisfaction and release of the first Mortgage (e.g., late fees, prepayment penalties, etc.)
- Pay off the existing Mortgage or junior lien(s) obtained by the Borrower solely to acquire the Manufactured Home
- Pay related Closing Costs
- Disburse cash out to the Borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or \$2,000

A “no cash-out” refinance Mortgage must also meet the requirements in Section 4301.4(a).

5706.4: Lease provisions and value of leasehold estates (06/04/25)

This section contains requirements related to:

- [Lease provisions](#)
- [Value of leasehold estates](#)

(a) Lease provisions

In addition to the requirements in Section 5704.1(c), the lease must also provide that subleasing is allowed if the leasehold mortgagee or its designee takes title to the Manufactured Home and the leasehold estate.

(b) Value of leasehold estates

The provisions of Section 5703.8(b) pertaining to calculating the treatment of the land in determining value for computing the loan-to-value ratio in different types of financing transactions structures do not apply to leasehold estates.

The provisions of Section 5703.7(b)(i) pertaining to the use of the land as an equity contribution do not apply to the leasehold estate.

The provisions of Section 5703.9 pertaining to the appraisal requirements for Manufactured Homes do apply.

Although Section 5704.2 pertaining to appraisal requirements for leasehold Mortgages allows for the use of comparable sales that are not on a leasehold estate, at least two comparable properties that are also on a leasehold estate must be included in the appraisal report to demonstrate market acceptance.

5706.5: Underwriting requirements for Mortgages secured by Manufactured Homes on leasehold estates (06/04/25)

This section contains requirements related to:

- [Loan Product Advisor® Mortgages](#)
- [Maximum loan-to-value \(LTV\)/total LTV \(TLTV\)/Home Equity Line of Credit \(HELOC\) TLTV \(HTLTV\) ratios and value](#)

(a) Loan Product Advisor Mortgages

All Mortgages secured by Manufactured Homes on leasehold estates must be submitted to Loan Product Advisor and be an Accept Mortgage.

(b) Maximum LTV/TLTV/HTLTV ratios and value

The maximum LTV, TLTV and HTLTV ratios for Mortgages secured by Manufactured Homes on leasehold estates are as follows:

Purchase transactions and “no cash-out” refinance transactions		
Primary Residence		
Maximum LTV	Maximum TLTV	Maximum HTLTV
95%	95%	95%

5706.6: Title issues and lien requirements relating to Manufactured Homes on leasehold estates (06/04/25)

This section contains requirements related to:

- [State permits surrender of certificate of title](#)
- [Title insurance](#)

(a) State permits surrender of certificate of title

A Manufactured Home on a leasehold estate must be located in a State that permits surrender of a certificate of title, regardless of whether the land on which the Manufactured Home is located is owned by the owner of the Manufactured Housing.

(b) Title insurance

In addition to the requirements in Section 5703.4(e), the American Land Title Association (ALTA) Form 13.1 endorsement must be attached to the title insurance policy. The title insurance policy must include the Manufactured Home as part of the lessee’s leasehold improvements and must include the value of the lessee’s leasehold improvements, including the Manufactured Home, in the insured estate. All requirements necessary to obtain title insurance, including ALTA Form 13.1 and Form 7 endorsements, must be satisfied, including any requirements necessary to ensure the leasehold transaction, such as a recordation of the lease or a short form lease that incorporates the various provisions of the unrecorded lease.

An attorney opinion of title letter is not acceptable in lieu of a title insurance policy.