



Freddie Mac

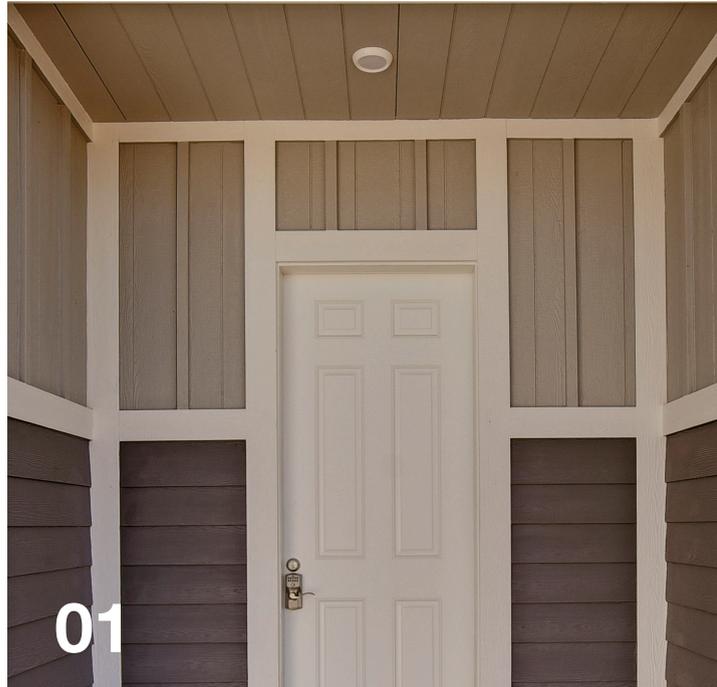


CHOICEHome[®]

The Next Generation of Factory-Built Housing

A resource for manufacturers, retailers and developers

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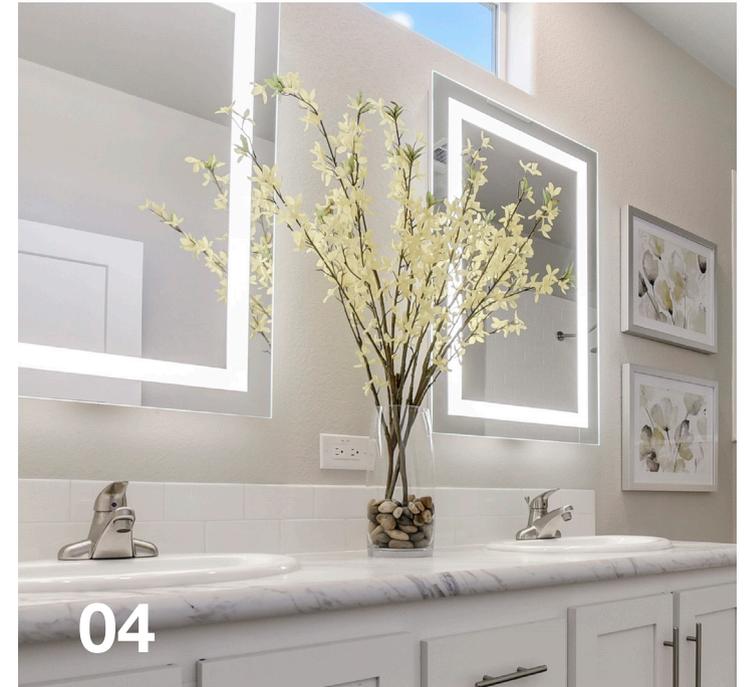
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Freddie Mac CHOICEHome[®]
The initiative our industry has been waiting for

What is CHOICEHome?

CHOICEHome is our innovative and affordable mortgage initiative, offering conventional site-built financing for a real-property factory-built home, that's built to HUD code but with many features of a site-built home.

When a factory-built home meets certain prescribed specifications, it is granted CHOICEHome certification and is eligible for CHOICEHome financing. Plus, in appraising these homes, the appraiser can use comparable site-built sales for appraisals when no CHOICEHome sales are available.

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

01

ABOUT
CHOICEHOME[®]



Why CHOICEHome®?

The affordable housing shortage is making it difficult for borrowers to find a home. 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

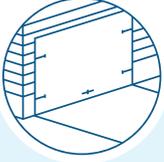


02

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:

 A higher pitch roof	 An attached garage or carport	 A 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
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...CHOICEHome® Delivers

 Roof Pitch Minimum roof pitch of a 4/12 with minimum of 4" eaves	 Garage Features Must have 2 of the 3 features: <ul style="list-style-type: none"> Dormer(s) Covered Porch (72 sq. ft minimum) Attached or detached, garage or carport*, to accommodate 1 or more cars <small>*Materials and finish of the garage/carport should be the same or comparable to that of the home</small>	 Foundation The permanent foundation must comply with the following requirements: <ul style="list-style-type: none"> Elevation design must be a low-profile/residential set finished floor set 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 	 Home Interior <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Minimum insulation values of 33 (ceiling), 11 (wall), and 22 (floor) Low-E rating windows A programmable thermostat 	 Home Attributes Must be a multi-section home with minimum 1,000 sq. ft gross living area
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CHOICEHomeSM Freddie Mac

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 CHOICEHomeSM.

CHOICEHomeSM 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 CHOICEHomeSM program for refinance or purchase.

CHOICEHomeSM Number:

xxxx

Freddie Mac CHOICEHome[®]

Factory-built homes meeting CHOICEHome eligibility receive CHOICEHome certification and qualify for the same financing as a site-built home. 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 and foundation plans and specifications available to lenders/appraisers for planned and proposed construction.

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 (specifically designed for the home site) plus a masonry perimeter wall.
- 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 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 specifically allows the appraiser to use site-built comparable homes in the appraisal process when no CHOICEHome comparable sales are available. That's a game changer!

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 recently 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.

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 will attract site-built consumers who have been priced out of the traditional site-built market. Consumers willing and able to pay an all-in cost of up to \$250,000 for a CHOICEHome likely will be more highly qualified with greater access to low down payment options and higher incomes. This 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

We understand that this is a new market for the industry, so what are our limitations on the number of retailers we can have in CHOICEHome?

Freddie Mac has not placed limits on the number of retailers the manufacturer may select for CHOICEHome. Freddie Mac strongly suggests, however, that retailers selected have a track record of excellent executions on real-property transactions, with a high level of understanding of CHOICEHome. Freddie Mac also will provide a web-based CHOICEHome orientation seminar for selected 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 we'll adjust our approach if necessary. We'll rely on the manufacturers' feedback and information monthly. We want to know about your experience 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 refine and obtain the results that we all know are possible.

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

A CHOICEHome-eligible home financed property will remain eligible for the same refinancing opportunities available to owners of site-built clients and mortgage financing for a subsequent buyer of the home. 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 country's affordable housing crisis. 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.



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

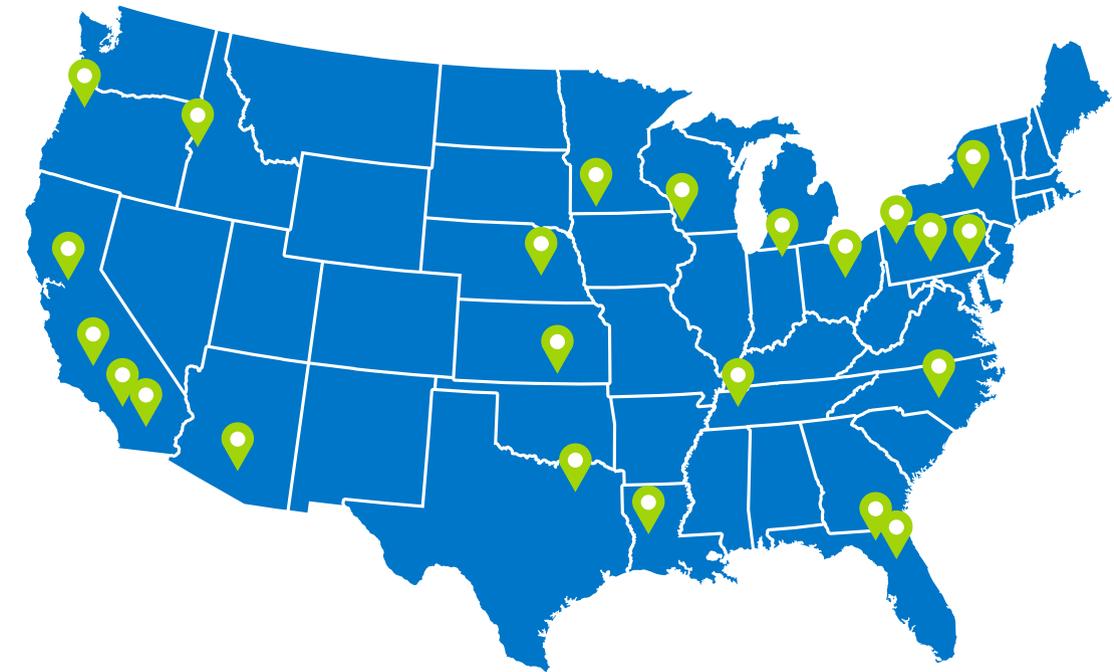
CHOICEHome is just one part of our Duty to Serve plan to target the overall manufactured housing market. We continue to support more conventional manufactured housing markets for borrowers with low and very low incomes through a variety of other efforts.

"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.



Skyline Champion Facilities



Champion

Athens, Texas
Chandler, Arizona
Claysburg, Pennsylvania
Dresden, Tennessee
Lake City, Florida
Leesville, Louisiana
Lillington, North Carolina
Sangerfield, New York
Strattanville, Pennsylvania

Sugarcreek, Ohio
Weiser, Idaho
York, Nebraska

Champion Silvercrest

Corona, California

Skyline

Arkansas City, Kansas
Lancaster, Wisconsin
Leola, Pennsylvania
Lindsay, California

McMinnville, Oregon
Ocala, Florida
San Jacinto, California
Topeka, Indiana
Woodland, California
Worthington, Minnesota



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