

Defining Unique Properties

There isn't a concrete definition for what constitutes a 'unique property'. However, it's easier to understand this concept through examples. Think along the lines of:

- » geodesic domes
- » log homes
- » earth or berm homes
- » barndominiums
- » container homes

Essentially, these are properties that do not fit into the conventional mould of stick-built homes.

What are not considered unique properties

- » It's important to clarify that manufactured homes, modular homes or panelized homes are not considered unique.
 - » Even 3D printed homes aren't considered unique by Fannie Mae as long as they have a traditional design and are constructed with conventional building materials.
- A unique property is truly something that is uncommon in most areas.

GSEs' Perspective on Unique Properties

The big question then arises - are unique properties allowed? Fannie Mae and Freddie Mac may allow unique properties but with proper considerations and supporting data.

- » Fannie Mae accepts mortgages secured by unique or nontraditional types of housing if the appraiser can provide adequate information to develop a reliable opinion of market value.
- » Freddie Mac also purchases mortgages secured by unique properties. Appraisers must evaluate how the property's uniqueness affects its value or marketability. While appraising a unique property, appraisers may use more traditionally designed properties as comparable sales. However, they must justify any adjustments for differences between the subject property and the comparable sales in their appraisal report.

Impact on Loan Submission

Unique properties can be allowed under certain conditions. The key lies in having an appraisal report that provides sufficient support for the value and potential marketability concerns. These types of homes must be thoroughly reviewed and appraised with clear explanations of their details.

For instance, Radian has received numerous inquiries about container homes or barndominiums - while these are indeed unique properties, it is crucial that the appraiser provides information supporting their value and marketability. For more information on Radian's guidelines regarding such scenarios, please refer to Radian's guidelines.

→ [Radian's guidelines](#)

Remember that each case is different; therefore these types of scenarios can be considered case-by-case. The key is having a solid appraisal report that allows all reviewers to assess the value of the property in question and determine the risk involved.

Appraisal Considerations

Appraising a unique property might involve using more traditionally designed properties as comparable sales since finding similar properties like geodesic domes or berm homes within a neighborhood might be challenging. The appraiser must determine if adjustments for differences between the subject property and comparable sales are warranted while justifying their use in the appraisal report.

This suggests that while GSEs do allow these types of properties for mortgage purposes, it's crucial for appraisers to provide sufficient support for their value and any potential marketability concerns. These types of homes must be properly reviewed and appraised with clear explanations detailing every aspect of the home.

While these scenarios may not occur regularly, it's good practice for lenders and borrowers alike to keep these considerations in mind when dealing with such atypical real estate situations.

Additional Resources

Fannie Mae: Are unique or nontraditional homes eligible for delivery?

→ <https://selling-guide.fanniemae.com/1081108831/What-are-the-appraisal-requirements-for-unique-property-types.htm>

Fannie Mae Selling Guide B4-1.3-05, Improvements Section of the Appraisal Report (09/06/2023): Unique Housing Types

→ <https://selling-guide.fanniemae.com/Selling-Guide/1032992541/B4-1-3-05-Improvements-Section-of-the-Appraisal-Report-04-06-2022.htm#Unique.20Housing.20Types>

Fannie Mae Selling Guide Announcement (SEL-2023-08): 3D printed homes

→ <https://singlefamily.fanniemae.com/media/36766/display>

Freddie Mac Seller/Servicer Guide 5605.5 Improvements analysis

→ <https://guide.freddiemac.com/app/guide/section/5605.5>

Freddie Mac Appraisal Report and Property Eligibility FAQ

→ <https://sf.freddiemac.com/faqs/appraisal-report-faq>

Radian's Guidelines

→ <https://www.radian.com/what-we-do/mortgage-insurance/mi-rates-and-guidelines>

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