naf Reverse

Tom Jarboe, Regional Sales Manager
NMLS #210600 · (909) 869-6588
tom.jarboe@naf.com



Which homes qualify for a reverse mortgage: condos, manufactured homes, ADUs and repairs

QUICK ANSWER

Most single-family homes can qualify for a HECM, the most common reverse mortgage, and so can 2 to 4 unit homes where you live in one unit, FHA-approved condos, and manufactured homes that meet HUD's rules. Co-ops, vacation homes and homes that can't be repaired don't qualify. I'll tell you plainly: the home itself can stop a loan, so it pays to check your property type before you spend anything.

Key points

- **The home has to qualify, not just you.** An FHA appraiser checks the value and whether the home is safe, sound and secure under HUD's Minimum Property Requirements.
- **1 to 4 units can work.** You must live in one unit as your main home. A single-family home with one accessory dwelling unit (ADU) still counts as one unit.
- **Condos need approval.** The project must be FHA-approved, or the single unit must get FHA's Single-Unit Approval. Site condominiums don't need either.
- **Manufactured homes have strict rules.** Built on or after June 15, 1976, with a HUD label, on a permanent foundation, classified as real estate, and moved only once, from the factory or dealer to the site.
- **Repairs don't always stop a loan.** If repairs cost no more than 15% of the home's maximum claim amount, they can often be finished after closing with money set aside from the loan.
- **Private loans set their own rules.** Proprietary loans, including HomeSafe and HomeSafe Second, may accept some homes a HECM can't, or turn down some a HECM accepts.

The property types at a glance

These are the HECM rules from HUD Handbook 4000.1 and HUD's regulations (24 CFR 206.45, 206.47 and 206.51).

Property	Can it qualify for a HECM?	What to know
Single-family home (detached or semi-detached)	Yes	The most common kind
Townhouse or row house	Yes	If it's part of a condo project, condo rules apply
Home with one ADU (granny flat, casita, backyard home)	Yes, as a one-unit property	You live in the main home or the ADU as your main home
2 to 4 unit home	Yes	You live in one unit as your main home

Property	Can it qualify for a HECM?	What to know
Condo	Yes, with approval	FHA-approved project, Single-Unit Approval, or a site condo
Manufactured home	Yes, if it meets HUD's rules	See the checklist below
Mixed use (home plus a shop or office)	Sometimes	At least 51% of the building's square footage must be residential
Co-op unit	No	FHA won't insure HECMs on cooperative units
Vacation home, rental, boarding house, bed and breakfast	No	It must be your main home

A HECM is insured by the FHA, but that insurance protects the lender, not you. New American Funding is not acting for HUD, FHA or any government agency.

Homes with 2 to 4 units

Here's the short version. HUD limits HECMs to homes with one to four units, and you must live in one of them as your principal residence. The other units can be rented.

Live in one side of a duplex in Pomona and rent the other, for example, and the home can qualify, as long as it meets the property rules and you meet the loan terms.

ADUs and backyard homes

HUD defines an ADU as a single living unit, smaller than the main home, with its own way in and out, that's inside or detached from a one-unit home and sits on the same parcel. A one-unit home with a single ADU stays a one-unit property under HUD's rules.

On a home that already has two or more units, an ADU counts as another unit, so a duplex plus an ADU is treated as a three-unit property.

Each living unit has to meet HUD's basics: safe water, a bathroom with a toilet, sink and tub or shower, heat, hot water, electricity, and a kitchen area with a sink and a stove

hookup. If you're thinking about building an ADU, ask the lender how a home that's still under construction is handled before you apply.

Condos

Condos are where I want you to slow down and ask questions. A condo unit qualifies for a HECM in one of three ways:

1. **The project is on FHA's approved list.** You or the lender can search it on HUD's condo lookup.
2. **The unit gets Single-Unit Approval.** This is for a unit in a project that isn't FHA-approved. The rules are tighter. The project must have at least five units, at least half the units must be owner-occupied, the homeowners association (HOA) must be in control (not the builder), its reserves and finances must meet FHA's tests, and no more than a small share of units can already have FHA loans. You as the borrower must also meet the Financial Assessment's residual income standard and have a good property tax and insurance payment history, without exceptions. A manufactured home condo can't use Single-Unit Approval.
3. **It's a site condominium.** This is a condo project made up of detached homes (or townhouse-style homes where you own the land) with no manufactured homes. Site condos don't need project or single-unit approval.

Two more condo points:

- **The HOA may have to sign off.** If the condo's recorded rules require the association to approve a new mortgage that isn't a purchase loan, the lender must get that approval in writing before the loan.
- **Insurance.** The association needs a master policy on the building. If that policy doesn't cover the inside of your unit, you'll need your own walls-in (HO-6) policy. See earthquake and fire insurance in California.

You keep paying HOA dues with a reverse mortgage. Unpaid HOA dues are a loan default, the same as unpaid property taxes or insurance.

Manufactured homes

To qualify for a HECM, HUD Handbook 4000.1 says a manufactured home must:

- be designed as a one-family home with at least 400 square feet of floor space;
- have a HUD certification label (or a label verification letter) showing it was built on or after June 15, 1976, to the federal manufactured home code;
- be classified as real estate;
- be built on, and stay on, a permanent chassis;
- sit on a permanent foundation built to HUD's Permanent Foundations Guide, certified by a licensed engineer or architect; and
- have been moved **directly** from the factory or dealer to the site where it sits now.

That last rule matters. A home that was moved from one site to another after it was first set up doesn't meet it. Homes built before June 15, 1976 (often called mobile homes) don't qualify for a HECM.

The land matters too, so here's what I'd check first. HUD requires that you own the land, or hold a lease long enough to meet its rule (for example, a renewable 99-year lease). A month-to-month space rental in a park doesn't meet that.

If your label is missing, the lender can order a label verification. If you've added a room or porch, the foundation certification has to cover it.

Repairs and the repair set-aside

The appraiser lists any repairs needed to meet HUD's property rules, with a cost estimate. What happens next depends on the repair:

Situation	What HUD's rules say
A problem threatens health and safety or the soundness of the home	Must be fixed before closing
Repairs estimated at no more than 15% of the maximum claim amount	Can be done after closing, using a Repair Set-Aside
Repairs estimated at more than 15% of the maximum claim amount	Must be done before closing
The problem can't be fixed	The lender must turn down the property

With a **Repair Set-Aside**, part of your loan is held back to pay for the work: 150% of the estimated repair cost, plus a repair administration fee that HUD caps (ask for the exact amount in writing).

The work must be finished within the time in your repair rider, and no later than 12 months after closing. The lender inspects the work before paying the contractor, and it can't pay you for your own labor, only for materials.

Money left over after the repairs is generally made available to you; on a fixed-rate loan, unused repair funds aren't released. The set-aside lowers how much you can borrow, and the repair money you use is added to your loan balance, which grows over time with interest, mortgage insurance and fees.

After closing, keeping the home in good repair stays your job. If your servicer finds the home has deteriorated, HUD's rules give you 60 days to start fixing it before the loan can be called due.

Common California items the appraiser checks include peeling exterior paint, roof and foundation problems, pool safety, overhead power lines over the house or pool, and solar panels. Leased solar panels or other leased equipment are left out of the home's value, and the lease can't block a future sale.

A PACE loan (property-assessed clean energy financing, paid on your tax bill) must be paid off at or before closing; HECM money can be used for that.

Made-up example: Norma, 74, owns a two-bedroom condo in Diamond Bar, paid off, and wants to keep living there. Before she pays for anything, she asks the lender to check the project on FHA's list.

It isn't there, so the lender looks at Single-Unit Approval and asks the HOA for its budget, reserve figures and owner-occupancy count.

The appraisal also notes peeling paint on her patio railing, a small repair well under 15% of the maximum claim amount, so it can be done after closing with a repair set-aside.

Norma meets with a counselor, reads her estimate, and understands she'll keep paying her property taxes, insurance and HOA dues, and that her balance will grow over time. *A*

made-up example. Norma is not a real person.

Do and don't

My advice: check the home before you spend money on anything else.

Do

- **Do** ask a lender to check your property type first, especially a condo, manufactured home, ADU or 2 to 4 unit home.
- **Do** find your manufactured home's HUD label and foundation paperwork if you have them.
- **Do** ask your HOA early for its budget, reserves and owner-occupancy numbers if you live in a condo.
- **Do** get repair bids from licensed contractors you choose.

Don’t

- **Don't** pay a contractor who says a reverse mortgage will cover their bill before you've had counseling and an estimate. Repair pitches tied to reverse mortgages are a known warning sign.
- **Don't** start big remodeling or an ADU build without asking how it affects the loan.
- **Don't** let anyone require you to buy an annuity, insurance or an investment to get the loan. Nobody involved in the loan can require that.

Questions families ask

What condition must the house be in for a reverse mortgage?

It must be safe, sound and secure under HUD's Minimum Property Requirements, with working basics like water, heat, a bathroom and a kitchen area. Health and safety problems must be fixed before closing. Smaller repairs, up to 15% of the maximum claim amount, can often be done within 12 months after closing using a repair set-aside.

Can you get a reverse mortgage on a condo?

Yes, if the project is FHA-approved, the unit gets Single-Unit Approval, or it's a site condo. You keep paying HOA dues, property taxes and insurance, and the balance grows over time.

Can you get a reverse mortgage on a mobile home or manufactured home?

A manufactured home can qualify if it was built on or after June 15, 1976, has a HUD label, sits on a permanent foundation, is classified as real estate, and was moved only from the factory or dealer to its site.

Older mobile homes and homes moved after their first setup don't qualify for a HECM. You must own the land or have a long enough lease.

Can I get a reverse mortgage on a duplex or a home with a granny flat?

Yes. A HECM can be on a home with up to four units if you live in one. A single-family home with one ADU counts as one unit. You can rent the other units.

My mom's paid-off house needs repairs, like a new heater. Is a reverse mortgage the answer?

It can be one way to pay for repairs the appraisal requires, through a repair set-aside, and some families use loan money for other upkeep. But the balance grows, and she'll still owe taxes, insurance and upkeep. Compare other choices too: see alternatives and is a reverse mortgage a good idea?

Can you get a reverse mortgage on a co-op?

Not a HECM. FHA won't insure HECMs on cooperative units. Ask whether a private (proprietary) loan is available; those set their own rules.

Sources (read November 3, 2026)

- HUD Handbook 4000.1 (last revised August 12, 2026), Section II.B.2.b.iii (HECM property eligibility: 1 to 4 units, ADUs, condos, site condos, manufactured housing, mixed use, ineligible types, HOA approval, PACE), II.B.4.a (Property Acceptability Criteria, minimum required repairs, Repair Set-Aside, the 15% rule), II.B.8.c (HECM condominiums and Single-Unit Approval), III.B.1.q (property maintenance, 60 days): https://www.hud.gov/sites/default/files/Housing/documents/40001-hsgh-Update-18.pdf
- 24 CFR 206.45 (eligible properties, title and leasehold), 206.47 (repairs, 15% of the maximum claim amount, inspections, no pay for borrower labor), 206.51 (condominiums), 206.19(f)(1) (Repair Set-Aside, 150%), 206.26(c) (unused repair funds), 206.27(b)(5) (good repair): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 203.43b (condominium units, Single-Unit Approval): https://www.ecfr.gov/current/title-24/section-203.43b
- 24 CFR 3282.1 (federal manufactured home standards, June 15, 1976): https://www.ecfr.gov/current/title-24/section-3282.1
- HUD FHA condominium project lookup: https://entp.hud.gov/idapp/html/condlook.cfm
- FTC, "Reverse Mortgages" (contractor pitches; no required add-on products; FHA insurance protects the lender): https://consumer.ftc.gov/articles/reverse-mortgages
- California Civil Code 1923.2 (counseling and the 7-day wait): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1923.2
- HUD housing counselor search: https://answers.hud.gov/housingcounseling/s/?language=en_US



Talk with me first

I'll answer your questions and tell you plainly if a reverse mortgage isn't the right fit. No pressure.

(909) 869-6588 · tom.jarboe@naf.com

Personal estimate and more free guides: thereverseguide.com. Before you can apply, you'll meet with an independent HUD-approved counselor; it's required.

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