

# Manufactured Conforming Fixed - DU



| <b>PRIMARY RESIDENTS</b>                 |            |             |                     |
|--|------------|-------------|---------------------|
| <b>PURCHASE And RATE / TERM</b>          |            |             |                     |
| <b>UNITS</b>                             | <b>LTV</b> | <b>CLTV</b> | <b>CREDIT SCORE</b> |
| 1  | 95%        | 95%         | 620                 |
| <b>CASH – OUT REFINANCE <sup>1</sup></b> |            |             |                     |
| 1  | 65%        | 65%         | 620                 |
| <b>SECOND HOMES</b>                      |            |             |                     |
| <b>PURCHASE And RATE / TERM</b>          |            |             |                     |
| <b>UNITS</b>                             | <b>LTV</b> | <b>CLTV</b> | <b>CREDIT SCORE</b> |
| 1  | 90%        | 90%         | 620                 |

**Notes:**

1. Cash-out refinance requires terms less than or equal to 20 years.

**Manufactured Conforming:**

|               |         |
|---------------|---------|
| 15 Year Fixed | 1306-88 |
| 30 Year Fixed | 1006-88 |

**Manufactured High Balance:**

|               |         |
|---------------|---------|
| 30 Year Fixed | 1005-01 |
|---------------|---------|

**Highlights**

| <b>TOPIC</b>                             | <b>Highlights</b>   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Min loan amount \$60,000.</li> <li>• Min loan amount \$75,000 for properties located in NY and TX</li> <li>• Assigned Sales Contract or Purchase agreements – Not Allowed</li> <li>• CEMA Transactions – Not Allowed</li> <li>• Temporary Buydown – Not Allowed</li> </ul> |
| <b>4506 Transcripts</b>                  | Transcripts are required per income documentation type in the loan file.  |
| <b>Appraisal</b>                         | Property Inspection Waivers (PIW) are not allowed.  |
| <b>ARMs</b>                              | Not Allowed.  |
| <b>AUS</b>                               | DU approve/eligible is required.  |
| <b>Coastal Barrier Resources Systems</b> | Not Allowed   |
| <b>Credit Report</b>                     | Foreign credit reports are not allowed.   |
| <b>Funds to Close</b>                    | Bridge loans not allowed<br>Sweat Equity not allowed<br>Trade Equity not allowed  |
| <b>Hardest Hit Fund Programs</b>         | Not Allowed.  |
| <b>Ineligible Programs</b>               | <ul style="list-style-type: none"> <li>• Construction-to-Permanent transactions</li> <li>• Native American Conventional Lending Initiative</li> <li>• Disaster-Related Limited Cash-Out Refinance Flexibilities</li> <li>• Refi Plus</li> </ul>   |

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Revised: 06/27/2018

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• HomePath Properties</li> <li>• HomeStyle Renovation</li> </ul>   |
| <b>Ineligible Properties</b>                 | <ul style="list-style-type: none"> <li>• Assisted Living Facilities</li> <li>• Bed and Breakfast Establishments</li> <li>• Board and Care Facilities</li> <li>• Boarding houses</li> <li>• Condotels</li> <li>• Co-ops - Cooperatives</li> <li>• Dome or Log Homes</li> <li>• Hawaiian Properties Located in Lava Zones 1 and 2</li> <li>• Houseboats</li> <li>• Indian Leased Land</li> <li>• Indian Tribal Trust Land</li> <li>• Leaseholds</li> <li>• Legal Non-Conforming Properties where zoning regulations prohibit re-building</li> <li>• Mobile Homes</li> <li>• Properties located in Coastal Barrier Resources System</li> <li>• Properties Located Outside the 50 United States and District of Columbia</li> <li>• Properties with C5, C6, or Q6 Ratings</li> <li>• Properties that are not readily accessible by roads that meet local standards</li> <li>• Properties that are not suitable for year-round occupancy regardless of location</li> <li>• Single Wide Manufactured Homes</li> <li>• Timeshares</li> <li>• Working Farms or Ranches</li> </ul> |
| <b>Leasehold Estates</b>                     | Not allowed   |
| <b>Manual Underwriting</b>                   | Not allowed   |
| <b>Manufactured Home</b>                     | Single Wide not allowed.<br>Manufactured homes in PUD or condo projects not allowed.  |
| <b>Marijuana Related Business/Employment</b> | Income from Marijuana related business or employment may not be used to qualify.  |
| <b>Mortgage Insurance</b>                    | <b>Loans with a DTI greater than 45% and a credit score &lt; 700 are not eligible.</b>  |
| <b>Repair Escrow</b>                         | Not allowed. All work must be completed prior to closing.   |
| <b>Restructured Loans/Short Payoffs</b>      | Not allowed.  |
| <b>Tax Returns</b>                           | Verify payment of taxes owed for the most recent tax return in the file, as applicable.   |
| <b>Temporary Buy Downs</b>                   | Not allowed.  |
| <b>Texas 50(a)(6) Transactions</b>           | <ul style="list-style-type: none"> <li>• A manufactured home is eligible only if it is classified as real property under <b><u>Texas Law</u></b> and satisfies all Fannie Mae requirements for manufactured homes.</li> <li>• <i>Inter-vivos</i> trusts are not allowed.</li> <li>• Powers of Attorney are not allowed.</li> <li>• Must comply with all other requirements of the Texas Constitution</li> </ul>   |

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|   |  |
|---|--|
| <b>Verification of Employment Only/Verification of Deposit Only</b> | <ul style="list-style-type: none"> <li>• The use of a Verification of Employment (VOE) and/or a Verification of Deposit (VOD) only is not allowed. <ul style="list-style-type: none"> <li>▪ At a minimum paystubs and bank statements are required.</li> </ul> </li> <li>• When the borrower's current mortgagee or landlord is a private party, the use of a Verification of Mortgage (VOM) or Verification of Rent (VOR) only is not allowed. <ul style="list-style-type: none"> <li>▪ Copies of the borrower's most recent, consecutive 12 months cancelled checks will be required.</li> </ul> </li> </ul> |
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## Manufactured Home Eligibility Requirements

- A manufactured home is any dwelling built on a permanent chassis and attached to a permanent foundation system.
- Manufactured housing must meet the following requirements:
  - The manufactured home must be built in compliance with the Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976, as amended and in force at the time the home is manufactured; and
  - **Compliance with these standards will be evidenced by the presence of both a HUD Data Plate and the HUD Certification Label.**
  - **If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the HUD Certification Label, the loan is not eligible.**
  - The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. The Data Plate includes pertinent information about the unit including a list of factory-installed equipment.
  - The HUD Certification Label, sometimes referred to as a HUD "seal" or "tag" is a metal plate located on the exterior of each section of the home.
  - The Manufactured Home Appraisal Report Form, Form 1004C, must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.
  - As an alternative to the original HUD Certification Label, a verification letter with the same information contained on the HUD Certification Label may be obtained from the Institute for Building Technology and Safety (IBTS).
  - A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer.
    - A list of IPIA offices is posted on HUD's website. ([www.hud.gov](http://www.hud.gov)).
  - The unit must not have been previously installed or occupied at any other site or location except from the manufacturer or the dealer's lot as a new unit.
  - The manufactured home must be a one-unit dwelling that is legally classified as real property.
  - The towing hitch, wheels and axles must be removed. The dwelling must assume the characteristics of stick built housing
  - The borrower must own the land on which the manufactured home is situated in fee simple.
    - **Manufactured homes located on leasehold estates are not eligible.**
  - The manufactured home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area.
  - Site preparation for the delivery of the manufactured home must be complete.
  - The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements for anchoring, support, stability and maintenance. The foundation system must be appropriate for the soil conditions at the site and meet local and state codes.
  - The manufactured home must be permanently connected to a septic tank or sewage system and to other utilities in accordance with local and state requirements.
  - There must be adequate vehicular access and there must be an adequate and legally enforceable agreement for vehicular access and maintenance.
  - Loans secured by existing manufactured homes that have incomplete items, such as a partially completed addition or renovation, or defects or needed repairs that affect safety, soundness, or structural integrity, are not eligible until the necessary work is completed.
  - Manufactured homes that have an addition or have had a structural modification are eligible under certain conditions.

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- If the state in which the property is located requires inspection by a state agency to approve modifications to the property then confirm that the property has met the requirement.
- If the state does not have this requirement, then the property must be inspected by a licensed professional engineer who can certify that the addition or structural changes were completed in accordance with the HUD Manufactured Construction Safety Standards.

## Manufactured Housing Appraisal Requirements and Standards

- The list below provides requirements and standards for manufactured housing appraisals. For purchase mortgages the appraiser must be provided with:
  - A complete copy of the executed contract for sale of the manufactured home and land; or
  - A complete copy of the executed contract for both, if the manufactured home and land are purchased separately.
- The appraiser must analyze the contract(s) and the manufacturer's invoice for new manufactured homes and provide a summary in the appraisal report.
- The appraiser must report the results of a manufactured home appraisal on the *Manufactured Home Appraisal Report, Form 1004C*. The use of *Form 1004C* will help to ensure that the appraiser inspected, considered and reported the appropriate information including the:
  - Manufacturer's name;
  - Trade or model number;
  - Year of manufacture;
  - Serial number;
  - Certification Label number(s) from either the HUD Data plate or Certification Label(s);
  - Type of foundation and utility connections;
  - Detailed and supported cost approach;
  - Opinion of the market value of the site; and
  - The property's conformity to the neighborhood.
- The appraiser must indicate a value conclusion based solely on the real property as completed consisting of the manufactured home, site improvements, and the land on which the home is located.
- The value conclusion cannot include any non-realty items including insurance, warranties, and furniture.

## Newly Constructed Manufactured Housing Appraisal Requirements

- For new manufactured homes not yet attached to the land or not yet constructed, the appraisal may be based on either plans and specifications or an existing model home.
- If the required information is not available at the time the appraiser is completing the appraisal report, the appraiser must appraise the property subject to his/her receipt and review of the items and completion of the improvements as a condition of the appraisal. Information that may not be available can include the dealer invoice, the HUD Data Plate, and the Certification Label numbers.
- A certification of completion must be obtained before the loan closes. The certification must:
  - Be completed by the original appraiser if possible, or if not possible, by a substitute appraiser.
  - Verify and state that the improvements were completed and all other requirements and conditions of the appraisal have been satisfied.
  - Include previously unavailable information including a summary of the appraiser's analysis of any previously unavailable dealer invoice; and
  - Include photographs of the completed improvements attached to the permanent foundation.
- **If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the Certification Label, the loan is not eligible.**

## Manufactured Home Site Requirements

- The appraisal site requirements for manufactured housing are as follows:
  - The appraiser must base his/her opinion of value on the characteristics of the subject property, including the site area. The appraisal report must indicate whether or not the site is compatible

with the neighborhood and must comment on the conformity of the manufactured home to other manufactured homes in the neighborhood.

- The property site must be of a size, shape and topography that is conforming and acceptable in the neighborhood. It must also have competitive utilities, street improvements, adequate vehicular access and other amenities. Because amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect on them in his/her analysis and valuation. The appraiser must comment if the site has adverse conditions or is not typical for the neighborhood.

### Manufactured Housing Comparable Selection Requirements

- The comparable selection requirements for manufactured housing are as follows:
  - The appraiser must select comparable sales of similar manufactured homes to address the marketability and comparability of a manufactured home such as multi-width homes to multi-width homes.
  - The appraiser must use a minimum of two comparable sales of similar manufactured homes. The appraiser may use either site-built housing or a different type of factory-built housing as the third comparable sale. The appraiser must explain why site-built housing or a different type of factory-built housing is being used for the third comparable sale and make and support appropriate adjustments in the appraisal report.
  - An appraiser that is unable to locate sales of manufactured homes that are comparable to the subject property may decide that it is appropriate to use either older sales of similar manufactured homes or sales of similar manufactured homes that are located in a competing neighborhood to establish a baseline for the sales comparison analysis and determine sound adjustments to reflect the differences between comparable sales that are available and the subject property.
  - The appraiser must not create comparable sales by combining vacant land sales with the contract purchase price of the home. This type of information may be used as additional supporting documentation.

### Manufactured Housing Cost Approach Requirements

- **A detailed and supported cost approach to value is required for all manufactured homes** which must, at a minimum, contain the information indicated on the *Form 1004C*. The appraiser may choose to report the results of the cost approach on *Form 1004C* or by using a report from a published costs service as an addendum to the appraisal report.
- Whichever format the appraiser chooses to report the cost approach, the information must be sufficient to allow the underwriter to replicate the cost figures and calculations. The sales comparison and cost approach to value are complementary for the valuation of manufactured housing and must support the final value conclusion.

### Sources of Manufactured Housing Data

- Traditional appraisal data sources do not provide enough quality manufactured home data for the appraiser to develop a supportable and well documented manufactured home appraisal. While sources such as MLS and public records are important and may contain some data, appraisers must use other data sources, such as manufactured home dealers and construction companies and/or builders experienced in the installation of manufactured housing.
- One important source of manufactured housing information is the *NADA Manufactured Housing Appraisal Guide*.
- Another source of information is Marshall & Swift's *Residential Cost Handbook*.
- The appraiser must support his/her opinion about both the quality and the condition of the manufactured home because they play a very important role in the value and marketability of manufactured homes. The *NADA* guide or the Marshall & Swift handbook may be used as additional sources to provide support for the appraiser's conclusions about the quality and value of a manufactured home.