



Manufactured Homes

Community Mortgage Network

A Service Provided by

The First State Bank

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Manufactured Homes

A Manufactured Home must have the following characteristics:

- The Manufactured Home must be built on a permanent chassis in compliance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD).
- A "HUD Certificate Label" must be permanently affixed to each transportable section of the Manufactured Home evidencing compliance with Federal Manufactured Home Construction and Safety Standards. If the certification label has been removed, compliance may be evidenced using the HUD data plate located near the main electrical panel or in another readily accessible and visible location. The HUD label number(s) appear on both the HUD data plate and the "certification label(s)."
- The Manufactured Home must be a one-unit dwelling that is legally classified as real property; it must be a 1-unit dwelling that is permanently affixed to a permanent foundation in a way that makes it part of the real property.
- The stabilizing devices must comply with the manufacturer's design or a design by a licensed (registered) professional engineer. Stabilizing devices refer to all components of the anchoring and support systems such as piers, footings, ties, anchoring equipment, anchoring assemblies, and any other equipment, materials, and methods of construction that support and secure the Manufactured Home to the ground.
- The permanent foundation must be designed for the site conditions, home design features, and the loads the home was designed to withstand in accordance with the manufacturer's instructions or a design by a licensed (registered) professional engineer. The foundation must meet all local, State, or federal codes, as applicable.
- The Manufactured Home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area.
- The Manufactured Home must have been built on or after June 15, 1976.

A Manufactured Home must meet the following requirements:

- The Manufactured Home must be a one-unit dwelling comprised of a single section (a "single-wide Manufactured Home") or multiple sections (a "multi-wide Manufactured Home").
- The wheels, axles, and towing hitches must be removed from the Manufactured Home.
- The land on which the Manufactured Home is situated must be owned by the Borrower in fee simple. A Mortgage secured by a Manufactured Home located on a leasehold estate is not eligible for sale to Freddie Mac.
- The Manufactured Home must be permanently attached to the land and the land must be owned by the Borrower in fee simple, unless the Manufactured Home is located in a Condominium Project. A Mortgage secured by a Manufactured Home located on a leasehold estate is not eligible for delivery to CMN.
- A multi-wide Manufactured Home may be located on an individual lot or in a subdivision, or Planned Unit Development. A Mortgage secured by a single-wide Manufactured Home is eligible for delivery only if the Manufactured Home is located in a Planned Unit Development or Condominium Project.
- The Manufactured Home must be permanently connected to a sewage disposal system such as a public sewer or a septic tank, and to other utilities that meet local, State and federal requirements.
- The Mortgaged Premises must conform to all applicable use restrictions and must be zoned for residential use and not commercial or business uses.
- The square footage and room dimensions must be acceptable to typical purchasers in the market area.
- A licensed professional engineer or the local, state or federal authority must approve any structural modifications to an existing Manufactured Home.

Other Types of Factory-Built Housing:

Freddie Mac does not include other types of factory-built housing not subject to the National Manufactured Construction and Safety Standards Act, such as modular or panelized housing, in the definition of Manufactured Homes. Freddie Mac will purchase a Mortgage secured by one of those other types of factory-built housing, as long as Freddie Mac's Mortgage and property eligibility requirements are met.

General Eligibility Requirements

Eligible Mortgages

A Mortgage secured by a Manufactured Home must be submitted to Loan Prospector[®]. The following Mortgages are eligible:

- An Accept Mortgage, or;
- An A-minus Mortgage, or;

A Mortgage that was submitted to Loan Prospector and received:

- An evaluation status of invalid, ineligible or incomplete, or;
- A Risk Class of Caution and was not eligible as an A-minus Mortgage.
- A Purchase transaction Newly Built Home Mortgage or a purchase transaction or “no cash-out” refinance Construction Conversion Mortgage.

And

- A fully amortizing 15, 20, or 30 year fixed-rate Mortgage, or
- A 7/1 adjustable-rate Mortgage (ARM), or
- A 10/1 ARM

Ineligible Mortgages

A Mortgage secured by a Manufactured Home must not be:

- A Balloon/Reset Mortgage
- An ARM, other than does listed in section Eligible Mortgages
- A Non-Loan Prospector Mortgage that has never been submitted to Loan Prospector
- A Mortgage subject to a temporary subsidy buydown
- A Renovation Mortgage
- A streamlined refinance Mortgage
- A Seller-Owned Converted Mortgage
- A Seller-Owned Modified Mortgage
- An Investment Property Mortgage
- An Alt 97[®] Mortgage
- A Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home
- A leasehold Mortgage
- An Initial Interest sm Mortgage

Occupancy

A Manufactured Home must be a Primary Residence or a second home.

An Investment Property Mortgage secured by a Manufactured Home is ineligible for delivery.

Maximum Loan Term

For a purchase or "no cash-out" refinance transaction secured by a Primary Residence that is an Accept Mortgage, the maximum loan term is:

- 30 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to **95%**.

For a purchase or "no cash-out" refinance transaction secured by a Primary Residence that is an A-minus Mortgage, or a Mortgage that was submitted to Loan Prospector and received an evaluation status of invalid, ineligible or incomplete, or a Risk Class of Caution and was not eligible as an A-minus Mortgage, the maximum loan term is:

- 20 years, for Mortgages with LTV/TLTV/HTLTV ratios greater than 90% and less than or equal to 95%.
- 30 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 90%.

For a purchase or "no cash-out" refinance transaction secured by a second home, the maximum loan term is:

- 30 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 90%.

For a cash-out refinance transaction secured by a Primary Residence, the maximum loan term is:

- 20 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 65%.

Maximum LTV / TLTV / HTLTV Ratios

Maximum LTV / TLTV / HTLTV ratios for a Mortgage secured by a Manufactured Home are as follows:

Purchase And "No-Cash-Out" Refinance Transactions

LP ACCEPT MORTGAGES (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o sec. fin.	Max. LTV w/sec. fin.	Max. TLTV w/sec. fin.	Max. HTLTV w/sec. fin.
Primary Residence	95%	90%	95%	95%
A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o sec. fin.	Max. LTV w/sec. fin.	Max. TLTV w/sec. fin.	Max. HTLTV w/sec. fin.
Primary Residence	90%	85%	90%	90%
A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy type	Max. LTV w/o sec. fin.	Max. LTV w/sec. fin.	Max. TLTV w/sec. fin.	Max. HTLTV w/sec. fin.
Primary Residence	95%	90%	95%	95%
ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	Max. LTV w/o sec. fin.	Max. LTV w/sec. fin.	Max. TLTV w/sec. fin.	Max. HTLTV w/sec. fin.
Second home	90%	85%	90%	90%

Cash-Out Refinance Transactions

ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy Type	Max. LTV w/o Sec. Fin.	Max. LTV w/Sec. Fin.	Max. TLTV w/Sec. Fin.	Max. HTLTV w/Sec. Fin.
Primary Residence	65%	60%	65%	65%

Mortgage Insurance Requirements

A Mortgage secured by a Manufactured Home must have mortgage insurance coverage as follows:

LTV Ratio	≤ 20-Year Loan Term	>20-Year Loan Term and ≤30-Year Loan Term
Primary Residence		
Greater than 80% up to 85%	12%	17%
Greater than 85% up to 90%	25%	30%
Greater than 90%	30%	35%
Second Home		
Greater than 80% up to 85%	12%	17%
Greater than 85% up to 90%	25%	30%

Eligible Transaction Types

A Mortgage secured by a Manufactured Home may be a purchase transaction, "no cash-out" refinance transaction or a cash-out refinance transaction.

Purchase transactions

A purchase transaction is one in which the loan proceeds are used to finance the purchase of the Manufactured Home. The proceeds may also be used to purchase the land, or the Borrower may separately own the land. The purchase price may include documented costs for delivery and setup, site development, 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. Financing of any forms of insurance, except for mortgage insurance, or other costs is not allowed for purchase transactions.

A transaction that involves the conversion of interim construction financing to permanent financing is eligible for delivery to CMN as a purchase transaction provided the installation of the Manufactured Home is 100% complete, including permanent utility connections and construction of any site-built improvements such as garages, decks, or porches, as of the Note Date as evidenced by a satisfactory completion certificate and the transaction meets the requirements of this Section.

The maximum LTV ratio (and TLTV/HTLTV ratio, if applicable) for a purchase transaction Mortgage secured by a newly built Manufactured Home (i.e., not previously owned) and/or not affixed to a permanent foundation as of the application date, is based on value calculated as the lower of:

- The purchase price of the Manufactured Home, and
- If the land was purchased less than 12 months prior to the application date, the lowest purchase price at which the land was sold during that 12-month period, or
- If the land was purchased 12 months or more prior to the application date, the current appraised value of the land, or
- The current appraised value of the Manufactured Home and land

The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a purchase transaction Mortgage secured by a Manufactured Home that is affixed to a permanent foundation prior to the application date will be based on value calculated as the lowest of:

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

If the Manufactured Home was affixed to a permanent foundation less than 12 months prior to the application date, the lowest price at which the Manufactured Home was previously sold during that 12-month period, and the lower of:

- The current appraised value of the land, or
- The lowest price at which the land was sold during that 12-month period (provided there was such a sale)

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

"No cash-out" refinance transactions

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

- Pay off the first Mortgage secured by the Manufactured Home and the land (or the existing Mortgages if the home and land were encumbered by separate first Mortgages) that was obtained by the Borrower, regardless of age
- Pay off any junior lien(s) secured by the Manufactured Home and/or land that was used in its entirety to purchase the Manufactured Home and/or land that was obtained by the Borrower
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows
- Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the new refinance Mortgage or \$2,000, whichever is less

The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a "no cash-out" refinance transaction is based on value calculated as follows:

- If the Borrower has owned the Manufactured Home and land for 12 months or more prior to the application date, the value is the current appraised value

If the Borrower has owned the Manufactured Home for less than 12 months prior to the application date, and if the Manufactured Home and land are secured by separate liens, the value is the lower of:

- The current appraised value of the Manufactured Home and land

OR

- The lowest price at which the Manufactured Home was previously sold during the 12-month period preceding the application date, and
- The lower of the current appraised value of the land or the lowest purchase price at which the land was sold during the 12-month period preceding the application date (provided there was such a sale)

If the Borrower has owned the Manufactured Home and land for less than 12 months prior to the application date, and the Manufactured Home and land are secured by a single lien, value is the lower of:

- The purchase price at which the Manufactured Home and land were previously sold during the 12-month period preceding the application date, or
- The current appraised value of the Manufactured Home and land.

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

Cash-out refinance transactions

A cash-out refinance transaction involves the payoff of an existing Mortgage secured by the Manufactured Home and land (or existing liens if the Manufactured Home and land were encumbered by separate first Mortgages), or enables the property owner to obtain a Mortgage on a property that does not already have a Mortgage against it, and permits the Borrower to take equity out of the property in the form of Mortgage proceeds. To be eligible for a cash-out refinance, the Borrower must have owned both the Manufactured Home and land for 12 months or more prior to the application date.

The value for a cash-out refinance Mortgage is based on the current appraised value of the Manufactured Home and land.

Underwriting Requirements

A Manufactured Home adds a layer or collateral risk that must be considered when evaluating the overall risk of the mortgage using the “three Cs” (credit reputation, capacity, and collateral). The Seller must consider this high-risk characteristics in evaluating the overall risk of the Mortgage and avoid combining a Manufactured Home with weaknesses in the components of capacity and credit reputation.

- All Mortgages secured by Manufactured Homes must be submitted to Loan Prospector.
- Non-Loan Prospector Mortgages secured by Manufactured Homes that have never been submitted to Loan Prospector are not eligible for delivery.
- A minimum down payment of 5% must come from Borrower Funds.

Land

If the Borrower owns the land on which the Manufactured Home is being permanently attached, the land may be used as an equity contribution. In such event, the Borrower's equity contribution is equal to:

- The current appraised value of the land if the Borrower has owned the land for 12 months or more prior to the application date, or
- The lower of the current appraised value of the land or the purchase price of the land if the Borrower has owned the land for less than 12 months.

If the Borrower purchased the land less than 12 months prior to the application date, the Seller must document the Borrower's equity contribution with:

- A certified copy of the HUD-1 Settlement Statement or similar Mortgage closing statement, and
- A copy of the warranty deed evidencing there are no liens against the subject property, or a copy of the release for any prior lien(s).

If the Borrower acquired the land as a gift, an inheritance or by some other non-purchase transaction less than 12 months prior to the application date, the Seller must obtain appropriate documentation to verify the acquisition and transfer or ownership of the land. In such event, the value of the land will be its current appraised value.

Trade Equity

If the subject transaction involves trade equity from the Borrower's existing Manufactured Home, the requirements of the subsection must be met.

The maximum equity contribution from the traded Manufactured Home must be determined as follows:

- If the Borrower has owned the traded Manufactured Home for 12 months or more prior to the application date, 90% of the retail value based on the N.A.D.A. Manufactured Housing Appraisal Guide®, or
- If the Borrower has owned the traded Manufactured Home for less than 12 months prior to the application date, the maximum equity contribution is the lesser of 90% of the retail value or the lowest price at which the Manufactured Home was sold during that 12-month period.

Any costs resulting from the removal of the Manufactured Home or any outstanding indebtedness secured by liens on the Manufactured Home must be deducted from the maximum equity contribution.

The trade equity must be documented by a lien search in the appropriate real property or personal property records to verify ownership and existence of liens on the Manufactured Home and land. The seller of the new Manufactured Home must provide proof of title transfer and satisfaction of any existing liens on the traded Manufactured Home.

Note: The information provided within this document is based on Freddie Mac AllRegs® Single - Family Seller / Servicer Guide which can be obtained at : <http://www.freddie.mac.com/singlefamily/>