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FHA/VA LOAN ELIGIBILITY

FHA/VA FICO SCORE

FHA/VA ELIGIBLE MORTGAGES

Eligibility Guidelines
All FHA and VA manufactured homes require Corporate Investor-Specific exception (no pricing adjustment required).

(DU required; LP – allowed with Corporate Approval Only)

- For Purchase or Rate and Term Refinance transactions secured by a Primary Residence that has an Approve/Eligible DU the maximum loan term is:
 - 30 years with loan to value of 96.5% (FHA)
 - 30 years with loan to value of 100% (VA)

The maximum LTV/CLTV Ratio for a Mortgage Secured by a Manufactured Home are as follows:

FHA PURCHASE AND RATE & TERM REFINANCE TRANSACTIONS				
APPROVE/ELIGIBLE MORTGAGES (Fixed-rate, with a maximum 30 year loan)				
Occupancy type	Max. LTV/CLTV	UFMIP	Annual MIP	LTV/CLTV
Primary Residence	96.5%	1.75%	85bps	>95% \$625,500
Primary Residence	96.5%	1.75%	80bps	<=95% \$625,500

Note: Annual MIP duration based on amortization term and LTV ratio at origination.

- LTV/CLTV <= 90%: 11 years
- LTV/CLTV > 90%: Loan Term

VA PURCHASE AND RATE & TERM REFINANCE TRANSACTIONS		
APPROVE/ELIGIBLE MORTGAGES (Fixed-rate, with a maximum 30 year loan)		
Occupancy Type	Max. LTV/CLTV	VA Loan Limits
Primary Residence	100% (excluding the VA Funding Fee)	<ul style="list-style-type: none"> \$453,100 (including VA Funding Fee) *VA County Limits https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx

*VA's 2017 Loan Limits are the same as the Federal Housing Finance Agency's limits – 2017 Loan Limits (Effective January 1, 2017). For purposes of determining the VA guaranty, underwriters are instructed to reference only the One-Unit Limit column in the FHFA Table "Fannie Mae and Freddie Mac Maximum Loan Limits for Mortgages Acquired in Calendar Year 2017 and Originated after 10/1/2011 or before 7/1/2007".

- 640-659 DTI 45%**
- 660 >= DTI 50%**

- 30 Year Fixed for
 - Single Family Manufactured Homes
 - Doublewide or wider manufactured homes (Corporate exception approval for Single Wide)
 - Fee Simple
 - PUD

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<p>FHA/VA INELIGIBLE MORTGAGES</p>	<ul style="list-style-type: none"> • A Mortgage secured by a Manufactured Home must not be: <ul style="list-style-type: none"> ○ A Cash Out Refinance. ○ An Adjustable Rate Mortgage ○ A Manual Underwrite ○ A Mortgage subject to a temporary subsidy buydown ○ A Renovation Mortgage ○ An Investment Property Mortgage ○ A Leasehold Mortgage ○ A mortgage securing a Manufactured Home that was moved from its original site and was previously occupied or installed on a permanent foundation. ○ A mortgage with proceeds that are used to pay the outstanding balance under land contract or contract for deed. ○ Properties in Flood Zone A or V
<p>FHA/VA ELIGIBLE PROPERTY TYPES</p>	<ul style="list-style-type: none"> • Doublewide or wider manufactured homes (Singlewide requires Corporate Specific Exception) • Single Family Manufactured Homes • Fee Simple • PUDs
<p>FHA/VA INELIGIBLE PROPERTY TYPES</p>	<ul style="list-style-type: none"> • 2-4 Units • Condo Projects • Cooperatives (Co-Ops) • Leasehold Estates • Manufactured Homes in “Parks” that are not acceptable FHA/VA PUDs • Properties with resale restrictions • A home that has been previously installed or occupied at any other site
<p>FHA CONNECTION CASE, APPRAISAL LOGGING SCREEN, URLA (1003) AND URLA ADDENDUM</p>	<p>FHA Connection, Case Number Assignment Screen, must contain the appropriate two-digit Program ID Code: “77”</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;"> <p>Program ID: <input type="text" value="(77)-Manufactured Homes"/></p> </div> <p>FHA Connection, Appraisal Logging Screen, must contain the Manufactured Housing indicator with “Yes”</p> <p>Manufactured Housing: <input type="radio"/> Yes <input type="radio"/> No <input style="border: 1px solid #ccc; padding: 2px 5px;" type="button" value="?"/></p> <p>Uniform Residential Loan Application (URLA), Section II, Property Information and Purpose of Loan, must indicate:</p> <ul style="list-style-type: none"> • <i>Purpose of Loan</i> – Purchase or Refinance <i>and</i> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;"> <p>Purpose of Loan <input type="radio"/> Purchase <input type="radio"/></p> <p style="padding-left: 20px;"><input type="radio"/> Refinance <input type="radio"/></p> </div> <ul style="list-style-type: none"> • If Refinance complete the applicable sections

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FHA CONNECTION, CASE, APPRAISAL LOGGING SCREEN, URLA (1003) AND URLA ADDENDUM CONTINUED

Complete this line if this is a refinance loan.

Yr. Acquired	Original Cost	Amt Existing Liens	Purpose of Refinance
0	\$0.00	\$0.00	

URLA, Section VII, *Details of Transaction*, must state whether land was acquired separately, if so, Subparagraph “c” must be completed

a. Purchase price	\$0.00	<input type="checkbox"/>
b. Alterations, improvements, repairs	\$0.00	<input type="checkbox"/>
c. Land (if acquired separately)	\$0.00	<input type="checkbox"/>

Addendum to URLA, Page 1, Paragraph 30, Purpose of Loan, must check:

- If the subject loan is for purchase of an existing home previously occupied;
- If the subject loan is a refinance transaction (loans are identified as refinance transactions when there is an outstanding lien that is at least 12 months old);
- If the subject loan is for the purchase of a new home not previously occupied that is not processed under the construction-to-permanent requirements

Note: *PBM is not offering construction to permanent loans at this time.*

- 9) Purchase Permanently Sited Manufactured Home
- 10) Purchase Permanently Sited Manufactured Home & Lot
- 11) Refi. Permanently Sited Manufactured Home to Buy Lot
- 12) Refi. Permanently Sited Manufactured Home/Lot Loan

DEFINITION OF COMMON TERMS

- **Certificate of Occupancy (a.k.a. “C.O.”):** This is a document issued by a building department inspector when a Manufactured Home has been properly installed according to code. As of July 22, 2005, HCD amended this definition to mean the subject home has been converted to a fixture, in which case the inspector should issue an HCD Form 513C to so indicate. Prior to July 22, 2005, the inspection agencies would often issue their own version of a C.O. as an easy way to distinguish from 513C since only the 513C declared on its face that the subject home had been converted to a fixture.
- **Certificate of Title:** The title document for a Manufactured Unit. This document is issued by HCD and evidences the registered owner of the Manufactured Home unit and, if applicable, any lenders who have a secured interest in the home (“legal owner” and “junior lienholders”).
- **Foundation System:** An assembly of materials designed and engineered by an architect or engineer to resist the imposition of external forces once the Manufactured Home unit is installed upon it. The installation on a foundation is classified as one of the following:
 - a) Foundation installation – a fixture or improvement to real property, recorded with the county recorder’s office, once recorded is no longer personal property, and which complies with the requirements of Health and Safety Code section 18851(a); <http://criterium-sollie.com/hud-fha-requirements>
- **HCD:** This acronym stands for the California Department of Housing and Community Development
- **HCD Form 413:** This form was replaced by the HCD Form 433A in 1986. However, if a Manufactured Home unit had been converted to a fixture between 1980 and 1986,

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DEFINITION OF
COMMON TERMS
CONTINUED

the building department should have recorded a HCD Form 413 with the local county recorder's office by the building department to evidence the fact that the subject home had been converted to a fixture.

- **HCD Form 433A:** This form replaced the HCD Form 413. The building department inspector is required to record this form with the local county recorder after a Manufactured Home unit has been converted to a fixture to the underlying real estate. The 433A form gives public notice that the home is now a fixture.
- **HCD Form 513A or 513B:** A mobile home or manufactured home "installation acceptance"
- **HCD Form 513C:** A "Certificate of Occupancy"; this form declares that the subject mobile home or Manufactured Home has been successfully installed onto a "foundation system" and converted to a fixture as a result of being legally attached to the underlying real property. This form is issued in the field at the moment the home's installation is deemed to have been completed pursuant to 18551(a) of the CA Health and Safety Code and is designed to serve as notice so that an escrow can be closed without further delay. After the HCD Form 513C is issued in the field, the building department is required to record the HCD Form 433A immediately thereafter.
- **HUD Code:** This pertains to a manufactured home built by National Manufactured Housing Construction and Safety Act of 1974. A "HUD Label" is displayed on the home to indicate the subject home has met HUD Standards.
- **HUD Label:** A HUD Label certifies the subject manufactured home was built to the HUD Code. Until recently, a manufactured home was required to display a HUD Label; if the Label was missing, a replacement insignia could be issued by HCD. HUD no longer permits states to issue replacement insignias for lost Labels. Therefore, when a HUD Label is lost a homeowner must obtain a "verification letter" by making application directly from HUD (1). While a "verification letter" may not be practical to display on the exterior of the home, possession of the document is evidence the subject home is in compliance. It is unlawful to sell or offer for sale a manufactured home that does not display a HUD Label, unless the homeowner has a "verification letter."
- **"Permanently Affixed":** With respect to real property, this term is understood to refer to a structure that has been attached to the land, thus becoming a fixture. With respect to a Manufactured Home Unit, the code states the home can only be deemed a fixture if it was installed pursuant to either 18851 (a) or 18555 of the Health and Safety Code. The conventional way of determining when a structure is affixed, via physical inspection, does not apply to a MH-Unit. A MH-unit can be deemed legally affixed even though it is not physically affixed, which is usually the case when 18555 applies. Conversely, some MH Units installed as chattel may either be or appear to be physically affixed, but are not legally a fixture. This has been a problem area for many mortgage lenders who have originated residential loans that inadvertently failed to encumber the chattel manufactured unit!
- **18851:** California Health and Safety Code section that permits a Manufactured Home unit to be installed upon a "Foundation System" as fixture and improvement to real property (see "HCD Form 513C").
- **Verification Letter:** A document issued to a Manufactured Home owner by HUD when a Manufactured Home's HUD Label is lost. The verification letter certifies that the subject home was built in compliance with the HUD Code.
(1) To inquire about obtaining a Verification Letter from HUD, you can contact HUD's office of Manufactured Housing Programs at (202)708-6423, or access HUD's "Missing HUD Labels":

<http://www.hud.gov/offices/hsg/sfh/mhslabels.cfm>

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<p>FHA/VA MANUFACTURED HOME STANDARDS</p>	<ul style="list-style-type: none"> • <i>The mortgage loan must be secured by both the manufactured home and the land on which it is situated, and both the manufactured home and the land must be legally classified as real property under applicable California law.</i> • <i>The purchase, conveyance, and financing (or refinancing) of the land and the manufactured home must be evidenced and secured by a single valid and enforceable note and first lien mortgage, deed of trust or security deed that is recorded in the land records, in states where applicable state law clearly provides for such a single lien.</i> 																		
<p>FHA/VA PROPERTY CHARACTERISTICS/ REQUIREMENTS</p>	<ul style="list-style-type: none"> • The table below provides manufactured housing property eligibility requirements: <table border="1" data-bbox="443 457 1490 1969"> <thead> <tr> <th align="center" colspan="2">A Manufactured Home must have the following Characteristics:</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 499 755 640"> <ul style="list-style-type: none"> • The Manufactured Home must be built on a permanent chassis in compliance with the applicable HUD Codes for Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. </td> <td data-bbox="755 499 1490 640"></td> </tr> <tr> <td data-bbox="443 640 755 972"> <ul style="list-style-type: none"> • A “HUD Certification Label” must be permanently affixed to each transportable section of the Manufactured Home evidencing compliance with the HUD Codes. If the HUD 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 certification number appears on each HUD Certification Label on each section of the Manufactured Home, and all HUD Certification numbers for the Manufactured Home are found on the HUD Data Plate. </td> <td data-bbox="755 640 1490 972"></td> </tr> <tr> <td data-bbox="443 972 755 1119"> <ul style="list-style-type: none"> • If either the “HUD Certification Label” or “HUD Data Plate” are missing, verification must be obtained from Institute For Building Technology and Safety (IBTS). http://www.ibts.org/services/services-in-the-public-good/cert-label-verification.html </td> <td data-bbox="755 972 1490 1119"></td> </tr> <tr> <td data-bbox="443 1119 755 1234"> <ul style="list-style-type: none"> • The Manufactured Home must be 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. </td> <td data-bbox="755 1119 1490 1234"></td> </tr> <tr> <td data-bbox="443 1234 755 1413"> <ul style="list-style-type: none"> • The anchoring system must comply with HUD codes. <ul style="list-style-type: none"> ○ If the Manufactured Home was installed prior to October 20, 2008, the anchoring system must comply with the manufacturer’s design or a design by a licensed (registered) professional engineer. </td> <td data-bbox="755 1234 1490 1413"></td> </tr> <tr> <td data-bbox="443 1413 755 1602"> <ul style="list-style-type: none"> • Anchoring systems 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. </td> <td data-bbox="755 1413 1490 1602"></td> </tr> <tr> <td data-bbox="443 1602 755 1780"> <ul style="list-style-type: none"> • The permanent foundation must be designed for 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. </td> <td data-bbox="755 1602 1490 1780"></td> </tr> <tr> <td data-bbox="443 1780 755 1969"> <ul style="list-style-type: none"> • The Manufactured Housing Unit must be designed to be used as a dwelling with a permanent foundation built in accordance with the Permanent Foundations Guide for Manufactured Housing (PFGMH) <ul style="list-style-type: none"> ○ PFGMH Certification – the underwriter must obtain a certification by an engineer or architect, who is licensed/registered in the state </td> <td data-bbox="755 1780 1490 1969"></td> </tr> </tbody> </table> 	A Manufactured Home must have the following Characteristics:		<ul style="list-style-type: none"> • The Manufactured Home must be built on a permanent chassis in compliance with the applicable HUD Codes for Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. 		<ul style="list-style-type: none"> • A “HUD Certification Label” must be permanently affixed to each transportable section of the Manufactured Home evidencing compliance with the HUD Codes. 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FHA/VA PROPERTY CHARACTERISTICS/ REQUIREMENTS CONTINUED	<p>where the manufactured home is located, attesting to compliance with the PFGMH</p> <ul style="list-style-type: none"> ○ The underwriter may obtain a copy of the foundation certification from a previous FHA-insured Mortgage, showing that the foundation met the guidelines published in the PFGMH that were in effect at the time of certification, provided there are no alterations and/or observable damage to the foundation since the original certification. ○ If the Appraiser notes additions or alterations to the Manufactured Housing unit, the underwriter must ensure the addition was addressed in the foundation certification ○ If the additions or alterations were not addressed in the foundation certification, the Underwriter must obtain: <ul style="list-style-type: none"> ▪ An inspection by the state administrative agency that inspects Manufactured Housing for compliance; or ▪ Certification of the structural integrity from a licensed structural engineer if the state does not employ inspectors 	
	<ul style="list-style-type: none"> • The Manufactured Home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area. 	
	<ul style="list-style-type: none"> • The Manufactured Home must have been built on or after June 15, 1976. 	
	<p align="center">A Manufactured Home must meet the following Requirements:</p>	
	<ul style="list-style-type: none"> • If any structural modifications or add-ons have been made to a 1-unit dwelling and any portion of the dwelling is a Manufactured Home, the Mortgage securing such property must be delivered as a Manufactured Home in compliance with the requirements of these guidelines. 	
	<ul style="list-style-type: none"> • The wheels, axles, and towing hitches must be removed from the Manufactured Home 	
	<ul style="list-style-type: none"> • A multi-wide Manufactured Home may be located on an individual lot or in a subdivision or Planned Unit Development <ul style="list-style-type: none"> ○ A Mortgage secured by a Single-Wide Manufactured Home is eligible only if the Manufactured Home is located in a Planned Unit Development 	
	<ul style="list-style-type: none"> • The Manufactured Home must be permanently connected to utilities in compliance with the HUD codes. Utilities include power, water, and a sewage disposal system. 	
	<ul style="list-style-type: none"> • The Mortgaged Premises must conform to all applicable use restrictions and must be zoned for residential use, and not commercial or business uses. 	
	<ul style="list-style-type: none"> • The square footage and room dimensions must be acceptable to typical purchasers in the market area. 	
	<ul style="list-style-type: none"> • The Manufactured Home must be permanently affixed to the permanent foundation, in compliance with the HUD Codes. <ul style="list-style-type: none"> ○ If installation was prior to October 20, 2008, the foundation must be designed to withstand in accordance with the manufacturer’s instructions or a design by a licensed (registered) professional engineer. The foundation must meet all applicable, local, State or federal codes. Any structural modifications to an existing Manufactured Home must be approved by a licensed professional engineer or the local, State or federal authority. 	

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<p>FHA/VA PROPERTY CHARACTERISTICS/ REQUIREMENTS CONTINUED</p>	<ul style="list-style-type: none"> • An alteration is defined as the replacement, addition, modification, or removal of any equipment or installation, after sale by a manufacturer to retailer, but prior to sale by the retailer to a purchaser, which may affect the construction of the property (i.e., fire safety, occupancy, or plumbing, heating or electrical systems). • The appraisal should indicate if alterations have been made to the Manufactured Home. Alterations require an inspection by the State Administrative agency for verification of compliance with the HUD Manufactured Home Construction Safety and Standards (MHCSS). The loan must be rejected if there is not an agency that inspects manufactured homes • Existing manufactured homes that have incomplete items such as partially complete additions or renovation, or defects, or needed repairs that affect livability are NOT ELIGIBLE until the necessary work is completed. <hr/> <ul style="list-style-type: none"> • Other types of Factory Built Housing – 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.
<p><i>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. In addition to the data required by agency, 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 Form 1004C appraisal form must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.</i></p>	
<p>BORROWER OWNERSHIP OF LAND FOR A MANUFACTURED HOME</p>	<ul style="list-style-type: none"> • If the borrower owns the land on which the Manufactured Home is being permanently attached, the land may be used as an equity contribution. The borrower’s equity contribution is equal to: <ul style="list-style-type: none"> ○ The current appraised value of the land if the borrower has owned the land for 6 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 whichever is less, if the borrower has owned the land for less than 6 months. • If the borrower purchased the land less than 6 months prior to the application date, the borrower must document the equity contribution with: <ul style="list-style-type: none"> ○ A certified copy of the Closing Disclosure to evidence how long the borrower has owned the land and ○ A contract, Note & Recorded Deed or payoff statement for the land is required if it is currently encumbered by a lien payable by the borrower. • If the borrower acquired the land as a gift, an inheritance or by some other non-purchase transaction less than 6 months prior to the application date, the borrower must provide appropriate documentation to verify the acquisition and transfer of the ownership of the land. In such event, the value of the land will be its current appraised value.

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MANUFACTURED HOME UNDERWRITING REQUIREMENTS

**UNDERWRITING
DU
REQUIREMENTS,
DOCS AND LOS**

- The original file must be sent to Corporate for the following:
 - Corporate 2nd Signature for Collateral Package ONLY
 - Appraisal
 - Prelim
 - Purchase Contract
 - Manufactured Checklist
 - ✓ All required items checked on the Checklist, (i.e., 433)
 - HCD Title Search
- <https://hcdexternal.hcd.ca.gov/publictitle/ControllerServlet?action=forward&url=login.jsp>
 - Loan Docs and
 - Funding
- All Mortgages secured by Manufactured Homes must be submitted to Desktop Underwriting (DU) and receive an “Accept”
 - NO MANUAL UNDERWRITES (No Exceptions)
- All Docs will be drawn from Doc Magic
- Loan Operating System:
 - Property Type
 “Manufactured” must be selected from the drop down for the loan to be underwritten as a Manufactured Home.

**SALES PRICE AND
ORIGINAL LOAN
AMOUNT**

- The sales price of the Manufactured Home may include bona fide and documented transportation, site preparation, and dwelling installation at the site.
- Any personal property items (non-realty items) purchased in conjunction with the manufactured home must be deducted from the sales price and cannot be financed as part of the mortgage.
- In addition to the cost of the manufactured home and land, if applicable, the original loan amount may also include:
 - The financing of borrower-Upfront Mortgage Insurance premiums
 - The cost of bona fide and documented transportation, site preparation, and dwelling installation at the site.
- Financing of other costs is not permitted for purchase money mortgages, but is permitted for Rate and Term refinance transactions.

**TRADE EQUITY
FROM THE
BORROWER’S
EXISTING
MANUFACTURED
HOME**

- If the subject transaction involves trade equity from the Borrower’s existing Manufactured Home, the requirements of this subsection must be met.
- An acceptable source of borrower cash investment commonly associated with Manufactured Homes is the sale or trade-in of another Manufactured Home that is not considered real estate.
- Trade-ins for cash funds are considered a seller inducement and are not permitted.

**LAYERING OF
RISK**

- A Manufactured Home adds a layer of collateral risk that must be considered when evaluating the overall risk of the Mortgage using the three “C’s” of underwriting (credit reputation, capacity and collateral). PBM must consider this high-risk characteristic in evaluating the overall risk of the Mortgage and avoid combining a Manufactured Home with weakness in the components of capacity and credit reputation.
 - For example, a Mortgage secured by a Manufactured Home with maximum financing is acceptable if the Borrower has a strong credit reputation and strong capacity to offset the high risk within the collateral component.

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PRODUCT CODES FHA FM (FHA) & VAFXM (VA)**



LAYERING OF RISK, CONTINUED	<ul style="list-style-type: none"> ○ However, if the borrower has weakness in credit reputation, such as a credit history of short duration or derogatory credit information, the layering of risk across credit reputation and collateral is excessive and would make the Mortgage unacceptable.
PURCHASE TRANSACTIONS	<ul style="list-style-type: none"> ● 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 in accordance with standard Freddie Mac guidelines. Financing of any forms of insurance, except for mortgage insurance, or other costs is not allowed for purchase transactions. ● Standard FHA/VA maximum loan amount calculations apply when the Manufactured Home has been affixed to the property for over 12 months. ● For existing construction (less than 12 months old) treat as purchase transactions even when the borrower owns the land.
RATE AND TERM REFINANCE TRANSACTIONS	<ul style="list-style-type: none"> ● A “Rate & Term” 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: <ul style="list-style-type: none"> ○ 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 6 months or longer from date of application and affixed to the property for over 12 months. ○ 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 for 6 months or longer and affixed to the property for over 12 months. ○ Pay related Closing Costs, Financing Cost, and Pre-Paid/Escrows ○ FHA/VA max disbursed cash out to the Borrower not to exceed \$500 ● A “Rate and Term” refinance Mortgage must also meet the Standard FHA requirements as noted in 4000.1 and FHA County Limits ● VA Rate and Term is limited to 100% LTV excluding the VA Funding Fee and must meet standard VA program requirements and VA Loan Limits
FHA BORROWER FUND	<ul style="list-style-type: none"> ● The FHA borrower is required to have a minimum cash investment in the transaction of 3.5% using the lower of the <i>Total Cost</i> or <i>Itemized Value</i> (as is defined below in ¶IV.(F)(2), Figure F.1(1)(a), <i>Maximum Insurable Mortgage</i>) in an eligible loan insured by FHA. The land equity is a common form of the borrower’s cash investment. Accordingly, FHA permits land equity to be used to satisfy the minimum cash investment requirement. ● Another form of acceptable borrower cash investment commonly associated with Manufactured Homes may include sale (or trade-in) of personal property (specifically, a Manufactured Home not eligible to be considered real property). HUD 4000.1 describes personal property items, however, trade-ins for cash are considered a seller inducement and are not permitted.

MANUFACTURED HOME APPRAISAL REQUIREMENTS

CONTRACT FOR SALE OF A MANUFACTURED HOME PROVIDED TO APPRAISER

- PBM must provide the appraiser with:
- A complete copy of the executed contract for sale of the Manufactured Home and the land, or if the Manufactured Home and land have separate contracts, the executed contract for each is required. If the borrower has owned the land for 12 months or more, a copy of the executed contract for the land is not required.
 - A copy of the manufacturer, dealer, or retailer invoice for all new construction less than one year old.
 - Structural Engineer’s Report, also known as Engineer’s Certification on Foundation Compliance Report (except on FHA to FHA refinance or HUD REO purchase when no indication that alterations were made to the property).
 - The appraiser must analyze the contract for sale and other documents for the transaction, including, if required, the manufacturer’s invoice and Manufactured Home Purchase Agreement.
 - If the Manufactured Home was installed after October 20, 2008, PBM must provide the appraiser with a copy of the Certification of Installation or the comparable California-specific form, and any additional information the appraiser may need as part of the ordering of the completion report or update.
 - Structural Engineer’s Report, Plans and Specs (Floor plan of the unit; Description of materials; Design calculations details for installation, anchorage and construction details; Elevation determinations; Plot Plan; Additional Exhibit; Individual water supply and sewage system details) for new construction.

APPRAISAL REQUIREMENTS AND STANDARDS

The table below provides requirements for Manufactured Housing appraisals:

The Appraiser must, at a minimum:
<ul style="list-style-type: none"> • Perform a complete visual inspection of the interior and exterior areas of the Manufactured Home unless the MH is new and has not been delivered to the site. If new and not delivered, the appraiser must indicate that he has obtained and reviewed the MH plans, specifications, foundation plans and supplemental information on any selected options or upgrades included in the sales price.
<ul style="list-style-type: none"> • Inspect the neighborhood
<ul style="list-style-type: none"> • Research, verify, and analyze data from reliable public and/or private sources
<ul style="list-style-type: none"> • Develop an opinion of the market value of the Manufactured Home based on the sales comparison approach to value. Non-realty items, such as insurance, warranties, or furniture must be excluded from the value conclusion.
<ul style="list-style-type: none"> • Develop the cost approach to value as support for the sales comparison approach.
<ul style="list-style-type: none"> • Report his or her analyses, opinions, and conclusions on Form 70B, Manufactured Home Appraisal Report
<ul style="list-style-type: none"> • Match the manufacturer’s serial number(s) and the HUD Certification Label number(s) on the dwelling to the number(s) on the contract for sale, manufacturer’s invoice, and any other documentation provided • If the numbers do not match, the appraisal report must clearly state the Manufactured Home is not the same dwelling referenced on the contract for sale or other applicable documentation.

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**APPRAISAL
REQUIREMENTS
AND STANDARDS,
CONTINUED**

- | |
|--|
| <ul style="list-style-type: none"> • Complete the Form 70B in its entirety |
| <ul style="list-style-type: none"> • Must inspect all mechanical, plumbing, and electrical systems to ensure that they meet applicable FHA and VA minimum property standards |
| <ul style="list-style-type: none"> • Must identify any property deficiencies, including grading and foundations, to ensure compliance with FHA, VA and local and state building codes. |
| <ul style="list-style-type: none"> • The appraisal should indicate if alterations have been made to the Manufactured Home. |
| <ul style="list-style-type: none"> • Existing Manufactured Homes in place over 1 year must be inspected by an appraiser for evidence of permanent concrete footing with tie-downs anchored to the footing (pier) by either a cable, rebar welded to the frame rail, or similar fashion. |

Access to Property

Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street.

Private streets must be:

- Protected by a permanent easement, and
- Maintained by a homeowners association or joint maintenance agreement

All streets must have an all-weather surface.

**MANUFACTURED
HOME SALES AND
THE SALES
COMPARISON
APPROACH**

- The appraiser must state the specific number of Manufactured Home sales and listings as well as the respective price range that were used in the analysis.
- The appraisal report for the Manufactured Home must contain at least two comparable Manufactured Home sales of similar configuration (i.e., single-wide comparable sales for a single-wide subject and multi-wide comparable sales for a multi-wide subject property) and similar quality.
- The appraiser may use either site-built housing or a different type of factory-built housing as the third comparable sale if the appraiser explains the reason for selecting the comparable and makes and supports the appropriate adjustments in the appraisal report. More than three comparable sales may be used if needed to adequately support the appraiser's opinion of value.
- If the Manufactured Home is in a controlled market (such as a new subdivision or project, a newly converted project or an area where the property seller owns a substantial number of units), at least one comparable sale must be outside the influence of the developer, builder or property seller.
- Re-sales from within the subject property or subdivision may be used to meet this requirement. When comparable sales from outside the subject project or subdivision are used, they must also be outside the influence of the subject's property's developer, builder or property seller.
- The appraiser must not create comparable sales by combining vacant land sales with the contract purchase price of the Manufactured Home. If the appraiser is unable to develop an appraisal based on at least two comparable sales of similar Manufactured Homes, the Mortgage is not eligible for FHA or VA financing.

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<p>MANUFACTURED HOMES AND THE COST APPROACH TO VALUE</p>	<ul style="list-style-type: none"> • A detailed cost approach to value based on published sources and supported by market data is required for all Manufactured Home appraisals. It must, at a minimum, provide the information indicated on Form 70B, and provide sufficient information and data to allow PBM and other reviewers to replicate the cost figures and calculations. • The cost figures must come directly from a published cost service without modification by the appraiser. The appraiser must report the source of the cost data and the effective date of cost data. • The appraiser must provide a quality rating from the cost service used. The appraiser's quality rating must be based on objective criteria. • The appraiser must provide his or her opinion of site value supported by a summary of comparable land sales or other methods used for estimating site value.
<p>INCOME APPROACH FOR MANUFACTURED HOMES</p>	<ul style="list-style-type: none"> • The income approach to value is not required; however, the appraiser must consider the income approach to value and develop it if applicable and necessary to develop a credible report.
<p>COMPLETION DOCUMENTATION FOR MANUFACTURED HOMES</p>	<ul style="list-style-type: none"> • If the appraisal is performed before the Manufactured Home is delivered and installed on a permanent foundation, PBM must document that the Manufactured Home is complete. 1004D recertification appraisal is required if the appraisal exceeds 120 days; 1004D also acts as documentation of completion. The appraisal must state the conditions of the appraisal have been satisfied.
<p>MANUFACTURED HOMES IN A FLOOD ZONE</p>	<ul style="list-style-type: none"> • The finished grade level beneath the manufactured house must be at or above the 100-year return frequency flood elevation. If any portion of the dwelling, related structures, or equipment essential to the property value and subject to flood damage for both new and existing manufactured houses are located within an SFHA, the property is not eligible for FHA mortgage insurance unless PBM obtains: <ul style="list-style-type: none"> ○ A FEMA issued Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) that removes the property from the SFHA; or ○ A FEMA NFIP Elevation Certificate (FEMA Form 81-31) prepared by a licensed engineer or surveyor stating that the finished grade beneath the manufactured house is at or above the 100-year return frequency flood elevation, and insurance under the NFIP is obtained. • If the Appraiser is provided with a LOMA or LOMR that removes the Property from the flood zone, the Appraiser does not need to indicate that the Property is in a Flood zone • If provided with an elevation certificate, the Appraiser must indicate that the Property is in a flood hazard area on the appraisal report.
<p>INELIGIBLE MANUFACTURED HOMES AND PROHIBITED APPRAISAL PRACTICES</p>	<ul style="list-style-type: none"> • The following conditions render the Manufactured Home Mortgage ineligible for deliver to FHA/VA: <ul style="list-style-type: none"> ○ If the site or manufactured home is substantially non-conforming with the neighborhood such that a reliable appraisal cannot be made, the mortgage is not eligible for deliver to FHA/VA. ○ If the appraiser is unable to develop a reliable appraisal based on at least two comparable sales of similar Manufactured Homes, the mortgage is not eligible for delivery to FHA/VA ○ Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited. This type of information is acceptable as additional supporting documentation only.

FHA/VA MANUFACTURED HOME GUIDELINES
PRODUCT CODES FHA FM (FHA) & VAFXM (VA)



SOURCES OF MANUFACTURED HOME DATA	<ul style="list-style-type: none"> • 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, appraisers must develop other data sources such as Manufactured Home dealers and construction companies/builders experienced in the installation of Manufactured Homes. • One important source of Manufactured Housing information is the NADA Manufactured Housing Appraisal Guide. This publication: <ul style="list-style-type: none"> ○ Lists general Manufactured Home depreciated replacement values based on original factory construction categories; and ○ Offers a step-by-step process for arriving at the average retail book value for a Manufactured Home and can be used to develop a cost approach. ○ It is important to note that the NADA chart values assume the home is in average condition. The publication provides definitions for ‘excellent’, ‘good’, ‘average’, ‘fair’, and ‘poor’ condition. • Another source of information is the <i>Marshall & Swift’s Residential Cost Handbook</i>. Marshall and Swift provides: <ul style="list-style-type: none"> ○ Information that allows the user to arrive at an estimate of the cost of the Manufactured Home when new (that is, replacement cost) based on, among other things, the construction quality; and ○ An explanation of the items that allow the appraiser to support his or her conclusion of the overall construction quality of a Manufactured Home. • This is important since condition and quality play a very important role in the value and marketability of Manufactured Homes • The appraiser must support his or her opinion about both the quality and the condition of the Manufactured Home. <p>The NADA Guide or the Marshall & Swift Handbook may be used as additional sources to provide support for the appraiser’s conclusion about the quality and value of a Manufactured Home.</p>
MANUFACTURED HOME LEGAL CONSIDERATIONS	
CLOSING INSTRUCTIONS	<ul style="list-style-type: none"> • PBM must provide its closing agents closing instructions that instruct the agent to obtain the required documentation evidencing that the Manufactured Home is affixed to a permanent foundation on the land. • In certificate of title surrender States, the closing instructions instruct the closing agent to perform all necessary procedures to assure that the certificate of title to the Manufactured Home is properly canceled (or the manufacturer’s statement of origin properly surrendered), and provide PBM with supporting documentary evidence for retention in the Mortgage file. • PBM must obtain an insured closing protection letter for each Mortgage that is secured by a Manufactured Home. If any documentation related to the conversion of the Manufactured Home to real property cannot be obtained until after closing, the loan will not qualify for FHA/VA financing.
POST CLOSING ITEMS AND CONVERSION TO REAL PROPERTY	<ul style="list-style-type: none"> • Loans will not be allowed to have Withholds at closing • If the original chattel deed or title is not purged, the property does not have marketable real estate title, and as a result in the event of a foreclosure, HUD/VA will not accept a conveyance nor pay a claim.

<p>CERTIFICATE OF TITLE REAL PROPERTY CLASSIFICATION</p>	<p style="text-align: center;">Special requirements for Certificate of Title surrender States</p> <ul style="list-style-type: none"> • PBM must provide documentation for California authority to evidence that the certificate of title has been surrendered and canceled (or in the case of the new Manufactured Home, the manufacturer’s statement of origin has been surrendered and no certificate of title was issued). • PBM must provide as evidence: <ul style="list-style-type: none"> ○ A certificate of cancellation, notification letter, or other acknowledgment from the Department of Motor Vehicles (DMV) or the appropriate California agency to which the certificate of title was surrendered, or ○ A copy of the documents submitted in connection with the surrender, along with evidence that the documents were delivered and received by the appropriate California Agency <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ○ Copies of documents recorded in the land records as part of the title surrender procedures to show the Manufactured Home has been converted to real property, such as an affidavit of affixture. <p>Note: Mortgages secured by Manufactured Homes in Certificate of Title States (California) are not eligible for registration with the MERS.</p> <p><i>Borrower and the Seller Affidavit</i></p> <ul style="list-style-type: none"> • The Borrower, and, if required, the Seller must sign an affidavit that acknowledges their intent for the Manufactured Home to be permanently part of the real property that secures the Mortgage and that contains any specific language that may be required by California law. • The affidavit must be recorded, if permitted, and either a copy of the affidavit showing the record location or the original after its return from recordation must be maintained in the Mortgage file.
<p>TITLE ISSUES AND LIEN REQUIREMENTS</p>	<ul style="list-style-type: none"> • All Manufactured Home units and land must be classified as real estate to be eligible for FHA or VA title insurance. When the land is purchased, exclusive of the Manufactured Housing unit, there may be two deeds: a property deed for the land and a chattel deed or motor vehicle title for the unit. FHA and VA require one clear title at the time of closing. Therefore, PBM must provide evidence that the title policy specifically states the Manufactured Home and land are classified as real estate (but need not be treated as real estate for the purposes of state taxation). • The underwriter may resolve title issues through services such as the website offered by Fannie Mae which includes state-by-state titling information for loans secured by Manufacturing Housing. See: https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/manufachousing/index.jsp?from=hp
<p>TITLE INSURANCE</p>	<ul style="list-style-type: none"> • Manufactured Home must be covered by standard real estate fee simple title insurance policy. <ul style="list-style-type: none"> ○ Endorsement (ALTA 7, 7.1, or 7.2) or equivalent endorsement is required as insurance that the Manufactured Home is part of real property that secures the loan. ○ Clear title at closing is required that states the Manufactured Home and land are classified as real estate.

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LOAN DOCUMENTS	<ul style="list-style-type: none"> • In all cases, notwithstanding the different processes required by California law, PBM must maintain in the Mortgage file documentation evidencing that: <ul style="list-style-type: none"> ○ The Manufactured Home is legally classified as real property, and ○ The Manufactured Home is properly titled; and ○ The lien on the Manufactured Home and the land on which it is permanently affixed has been properly created, evidenced and perfected. • The documentation must include the serial number(s)/VIN number(s) for each section of the Manufactured Home. • Special Requirements for certificate of title Surrender States <ul style="list-style-type: none"> ○ PBM must provide documentation from the appropriate State Authority to evidence that the certificate of title has been surrendered and canceled (or in the case of a new Manufactured Home, the manufacturer’s statement of origin has been surrendered and no certificate of title was issued). ○ PBM must provide evidence: <ul style="list-style-type: none"> ▪ A certificate of cancellation, notification letter or other acknowledgment from the Department of Motor Vehicles (DMV) or the appropriate State agency to which the certificate of title was surrendered; or ▪ A copy of the documents submitted in connection with the surrender, along with evidence that the documents were delivered and received by the appropriate State agency; and ▪ Copies of documents recorded in the land records as part of the title surrender procedures to show the Manufactured Home has been converted to real property, such as an affidavit of affixture.
THE SECURITY INSTRUMENT	<p>The security instrument must:</p> <ul style="list-style-type: none"> • State that the Manufactured Home is an improvement to the land and an immovable fixture, or include similar language as may be required by applicable law to assure, to the greatest extent possible, that the Manufactured Home will be treated as real property under applicable California law. If applicable law provides specific obligatory wording, such wording must be used; and • Include a comprehensive description of the Manufactured Home and the land in the property description section. • The description must include the serial or VIN number (or the serial number or VIN for each unit if the home is multi-width), make, model, size, and any other information that may be required by applicable law to definitively identify the home. <p>Note: The serial number is located on the HUD Data Plate located on the interior of the home, usually near the electrical box. In addition, the serial number is generally cold-stamped on the frame front cross member of each transportable section.</p> <ul style="list-style-type: none"> • Some jurisdictions may not allow any information in the property description section of the security instrument other than what is customary for other real property transactions. If this is the case, then an addendum may be used, which must be attached to the security instrument and included in the loan file.

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PRODUCT CODES FHA FM (FHA) & VAFXM (VA)**



<p>BORROWER AND SELLER AFFIDAVIT</p>	<ul style="list-style-type: none"> • The Borrower and, if required, PBM must sign an affidavit that acknowledges their intent for the Manufactured Home to be permanently part of the real property that secures the Mortgage and that contains any specific language that may be required by applicable law. The affidavit must be recorded, if permitted, and either a copy of the affidavit showing the record location or the original after its return from recordation must be maintained in the Mortgage file.
<p>UNIFORM INSTRUMENTS</p>	<ul style="list-style-type: none"> • The financing of the Manufactured Home and the land must be evidenced by a valid and enforceable single real estate First Lien Security Instrument that includes the Manufactured Home as part of the real property collateral and is recorded in the land records. • Mortgages secured by Manufactured Homes must be evidenced by: <ul style="list-style-type: none"> ○ The current FHA or VA Uniform fixed-rate Note And <ul style="list-style-type: none"> ○ The current FHA or VA State-specific Security Instrument • The Note or the Security Instrument may not contain any statement that provides the waiver of the rights of holders of due course or provides that an assignee Note holder may be held liable for claims the Borrower may have against other parties. • A Manufactured Home must be described in the Security Instrument and the description must include the year, make, model, and serial number(s)/VIN number(s) for each section of the Manufactured Home and any other information required by applicable law to identify the Manufactured Home.
<p>TITLING FOR MANUFACTURED HOMES</p>	<p>State’s Approaches to Titling:</p> <ul style="list-style-type: none"> • Certificate of Title “surrender” States: Certificate of Title issued upon purchase of Manufactured Home, but is surrendered after the home is affixed to the foundation and becomes real property. • Ensure that certificate of title is surrendered following state’s procedures • Certificate of Title “no surrender” States: Certificate of Title is issued and remains outstanding (it is not surrendered or canceled). • Ensure the Manufactured Home lien (and no other lien) is indicated on the certificate of title. • Retain certificate of title in loan file. • Ensure that home and land have the same ownership • Non-Certificate of Title States: No certificate of title is issued • Retain loan file evidence that no certificate of title was issued • Ensure that Manufactured Home is recognized as real property.
<p>PROPERTY TAXES</p>	<ul style="list-style-type: none"> • If California law or the local taxing authority, as of the Origination Date, requires or permits the Mortgaged Premises to be taxed as real estate, the Mortgaged Premises must be taxed as real estate by the jurisdiction where it is located. • All of FHA and VA’s requirements related to real estate taxes apply equally to personal property taxes applicable to a Mortgage secured by a Manufactured Home. <p>Note: The taxation of the Mortgaged Premises as real property is not evidence that all the appropriate steps to convert a Manufactured Home to real property have been completed or that a Manufactured Home is legally classified as real property.</p>

PACE/HERO

FHA Loans: Effective January 5, 2018, HUD will cease to allow PACE loans to remain on the property if FHA financing is obtained.

- Case Numbers assigned after January 5, 2018 are required to pay off PACE loans.
- After January 4, 2018 PACE liens can be paid off through a rate and term refinance
- Refer to FHA 4000.1 Guidelines for PACE payoff and qualifying requirements.

VA Loans ONLY

- Under the laws of the state where the property is located, the PACE loan must be collected and secured in the same manner as special assessment taxes against the property.
- If PACE collection is not noted on tax bill, new loan **must** include new projected tax assessments in qualifications for new loan.
- The property may only become subject to an enforceable claim that is superior to the FHA/VA mortgage for delinquent regularly scheduled PACE special assessment payments. The property may not be subject to enforceable claim for full PACE lien.
- There can be no terms or conditions that limit the transfer of the property to a new homeowner.
- Information on the PACE loan must be fully disclosed to the borrower(s) and made part of the contract between seller(s) and borrower(s).
- PBM must provide and notify appraiser of all terms and conditions of the PACE assessment.
- Appraiser **must** review the sales contract and property tax records for property to determine the amount outstanding and the terms of the PACE obligation. Language must be included in the appraisal as to amount and terms of PACE obligation.
- Appraiser **must** analyze the impact on value of the property, whether positive or negative, of the PACE-related improvement and additional obligation. Language must be included in the appraisal report providing this information. Language must also include terms and payments per PACE contract.
- **Investor Specific required from Corporate for PACE/HERO to remain in place**

HUD CODES FOR MANUFACTURED HOMES

THE HUD CODES FOR MANUFACTURED HOMES (HUD CODES) REFER TO A SERIES OF REGULATIONS THAT ESTABLISH REQUIREMENTS FOR MANUFACTURED HOMES IN COMPLIANCE WITH THE NATIONAL MANUFACTURED HOME CONSTRUCTION AND SAFETY ACT OF 1974, 42, U.S.C. 5401-5426. THE CODES ARE ADMINISTERED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) AND INCLUDE, BUT ARE NOT NECESSARILY LIMITED TO:

- FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS (MHCSS; 24 C.F.R. PART 3280)
- MANUFACTURED HOME PROCEDURAL AND ENFORCEMENT REGULATIONS (24 C.F.R. PART 3282)
- MODEL MANUFACTURED HOME INSTALLATION STANDARDS (MIS; 24 C.F.R. PART 3285 OR 3286)
- OTHER CODES INCORPORATED BY REFERENCE, E.G. FEMA 85, MANUFACTURED HOME INSTALLATION IN FLOOD HAZARD AREAS.