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LOAN ELIGIBILITY	<p style="text-align: center;"><i>Freddie Mac LP ONLY (No DU allowed)</i> <u>PRODUCT CODES P13F AND P23F ONLY</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: center;">ACCEPT MORTGAGES (Fixed-rate, with a maximum 30-year term)</th> </tr> <tr> <th style="text-align: center;">Occupancy type</th> <th style="text-align: center;">Max LTV w/o sec.fin.</th> <th style="text-align: center;">Max LTV w/sec.fin.</th> <th style="text-align: center;">Max TLTV w/sec.fin.</th> <th style="text-align: center;">Max.HTLTV w/sec.fin.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Primary Residence</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td style="text-align: center;">Second Home</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">80%</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">85%</td> </tr> <tr> <td style="text-align: center;">Investment property</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> </tbody> </table> <p>Note: Cash out transactions are not eligible.</p>	ACCEPT MORTGAGES (Fixed-rate, with a maximum 30-year 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%	Second Home	85%	80%	85%	85%	Investment property	n/a	n/a	n/a	n/a
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Second Home	85%	80%	85%	85%																						
Investment property	n/a	n/a	n/a	n/a																						
ELIGIBLE MORTGAGES	<ul style="list-style-type: none"> • A mortgage secured by a manufactured home must be submitted to Loan Product Advisor • Accept mortgage required • Fully amortizing 15- or 30-year fixed-rate mortgage <p>Occupancy:</p> <ul style="list-style-type: none"> • A Manufactured Home must be a Primary Residence or a Second Home 																									
INELIGIBLE MORTGAGES	<ul style="list-style-type: none"> • ARM mortgages • Home Possible and Home Possible Advantage mortgages • A Non-Loan Product Advisor Mortgage that has never been submitted to LPA • A mortgage on a property subject to income-based resale restrictions • A mortgage subject to a temporary subsidy buydown • A Renovation Mortgage • A Seller-Owned Converted Mortgage • A Seller-Owned Modified Mortgage • An investment property mortgage • A seasoned 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 a land contract or contract for deed • 2-4 units • Super Conforming loan amounts • Cash out mortgages 																									
MANUFACTURED HOME STANDARDS	<ul style="list-style-type: none"> • The mortgage 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. • 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. 																									

DEFINITION OF COMMON TERMS

- ***HUD Codes for Manufactured Homes (HUD Codes)*** – 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 Standards Act of 1974, 42 U.S.C.5401-5426. The codes are administered by 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
- ***HUD Certification Label (HUD label or tag)*** – The HUD Certification Label is a metal plate that is affixed to the exterior of each transportable section of the Manufactured Home. The HUD Certification Number appears on each HUD Certification Label and evidences compliance with the Federal Manufactured Home Construction and Safety Standards.
- ***HUD Data Plate/Compliance Certificate (Data Plate)*** – The HUD Data Plate/Compliance Certificate is a paper label mounted in the Manufactured Home that contains, among other things, the manufacturer’s name, trade/model name, year manufactured and serial number, a list of the Certification Label number(s), etc. The Data Plate is typically affixed in a readily accessible and visible location (e.g., near the main electrical panel, or in a kitchen cabinet, or a bedroom closet).
- ***New Manufactured Home*** – a New Manufactured Home is a Manufactured Home that is purchased directly from a retailer or a developer, has never been occupied, and has never been affixed to a permanent foundation on another site.
- ***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 for 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 eternal forces once the Manufactured Home unit is installed upon it. The installation on a foundation is classified as following:
 - 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 18551(a);
 - <http://criterium-sollie.com/hud-fha-requirements>
- ***HCD*** – This acronym stands for the California Department of Housing and Community Development

DEFINITION OF COMMON TERMS, CONTINUED

- **HCD Form 413** – this form was replaced by the HCD Form 433A in 1986. However, if a Manufactured Home unit has been converted to a fixture between 1980 and 1986, 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. HCD Form 433A 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 California 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 in accordance with the 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.
- ***“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 18551(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 manufactured home unit. A manufactured home unit can be deemed legally affixed even though it is not physically affixed, which is usually the case when 18555 applies. Conversely, some manufactured home 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 Units.
- ***18551*** – California Health and Safety Code section that permits a Manufactured Home Unit to be installed upon a “foundation system” as a fixture and improvement to real property (see HCD Form 513C).
- ***Verification Letter*** – A document issued to a manufactured homeowner 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.

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” website: <http://hud.gov/offices/hsg/mhs/mhslabels.cfm>

PROPERTY ELIGIBILITY

- A Manufactured Home must have the following characteristics:**
- The Manufactured Home must have been built on or after June 15, 1976
 - 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

**PROPERTY
ELIGIBILITY,
CONTINUED**

- To evidence the Manufactured Home is built in compliance with the Federal Manufactured Home Construction and Safety Standards, both the HUD Certification Label and HUD Data Plate must be present and legible. The HUD Data Plate section of the Manufactured Home Appraisal Report (Form 70B) must be completed with the information from both sources.
- When either the HUD Certification Label or the HUD Data Plate is not present or not legible, Freddie Mac will accept the following as evidence of compliance:
 - **HUD Certification Label**
 - A verification letter from the Institute for Building Technology and Safety (IBTS)
 - **HUD Data Plate**
 - A copy of the Data Plate or substitute performance verification certificate from the IBTS, or
 - A copy of the Data Plate from the In-Plant Primary Inspection Agency (IPIA) or manufacturer (a list of IPIA offices is posted on HUD’s website).

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/mhs/mhsid

<http://www.ibts.org/services/services-in-the-public-good/cert-label-verification.html>

- 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
- The anchoring system must comply with the HUD codes
 - 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.
 - Anchoring systems refer to all components of the anchoring and support systems such as pier, 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.

A Manufactured Home must meet the following requirements:

- 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
- The manufactured home must be a 1-unit dwelling comprised of a single section (a “single-wide Manufactured Home”) or multiple sections (a “multiwide 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.

PROPERTY ELIGIBILITY CONTINUED

- Mortgages secured by Manufactured Homes located in a Condominium Project are eligible for sale to Freddie Mac if project eligibility is determined through a reciprocal review through Fannie Mae PERS only. VA or HUD-approved Condominiums are not eligible for reciprocal review.
- **Manufactured Home located on a leasehold estate is not eligible**
- A multiwide 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 sale to Freddie Mac **only if** the manufactured Home is located in a Planned Unit Development or if located in a Condominium Project, and project eligibility is determined through Fannie Mae reciprocal review.
- The Manufactured Home must be permanently connected to utilities in compliance with the HUD codes. Utilities include power, water, and a sewage disposal system.
- The mortgage 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.
- The manufactured home must be permanently affixed to the permanent foundation, in compliance with the HUD Codes.
- If the installation was prior to October 20, 2008, the 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 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
- Any improvements, modifications or repairs that affect the safety, soundness or habitability of the manufactured home must be completed prior to the sale of the mortgage to Freddie Mac.
- **433 or 433A must be recorded at time of delivery/installation in order to support MH not moved from its original location. Other documentation that may be acceptable is an Engineer's Report stating that there is no evidence that the MH was moved from another location and an IBTS Manufactured Home Certification that verifies that the MH was delivered and installed at the current location.**

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.

Termite Reports

- If the purchase contract indicates a termite report, but the appraisal does not condition for one, PBM will not require a termite report or clearance. However, if a termite report and/or clearance have been provided to PBM then it must be reviewed and cleared by the underwriter only.

<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. • In such event, 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 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 underwriter must document the borrower’s equity contribution with: <ul style="list-style-type: none"> ○ A certified copy of the settlement/closing disclosure 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). <p>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 underwriter must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land. In such event, the value of the land will be its current appraised value.</p>
<p>UNDERWRITING LP REQUIREMENTS, DOCS AND LOS</p>	<p>The original file must be sent to PBM Corporate for the following:</p> <ul style="list-style-type: none"> • Corporate 2nd signature for Collateral Package Only <ul style="list-style-type: none"> ○ Appraisal ○ Prelim ○ Purchase contract ○ Manufactured checklist <ul style="list-style-type: none"> ▪ All required items checked on the checklist, i.e. 433a ○ HCD Title Search • Loan Docs and • Funding • <u>All mortgages secured by Manufactured Homes must be submitted to Loan Product Advisor and receive an “Accept”.</u> <ul style="list-style-type: none"> ○ <u>No manual underwrites, no exceptions</u> • All docs will be drawn from Doc Magic • Loan Operating System <ul style="list-style-type: none"> ○ Property type <ul style="list-style-type: none"> ▪ Manufactured must be selected from the drop down for the loan to be underwritten as a manufactured home. <p>Note: If the Manufactured Home is located in a Condominium or PUD project, LP must be run as “Manufactured”, not as Condominium or PUD. LP will deliver messages based on the more restrictive Manufactured Home guidelines. The underwriter is responsible for following all applicable guidelines (both Manufactured Home and Condominium/PUD). The 1008 can be manually corrected to indicate that the subject is both Manufactured <i>and</i> Condominium/PUD.</p>

<p>SALES PRICE AND ORIGINAL LOAN AMOUNT</p>	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> ○ The financing of borrower-purchased mortgage insurance premiums ○ The cost of bona fide and documentation transportation, site preparation, and dwelling installation at the site. • Financing of other costs is not permitted for purchase money mortgages, but is permitted for limited cash-out refinance transactions.
<p>TRADE EQUITY FROM THE BORROWER'S EXISTING MANUFACTURED HOME</p>	<ul style="list-style-type: none"> • If the subject transaction involves trade equity from the Borrower's existing Manufactured Home, the requirements of this section must be met. • The maximum equity contribution from the traded manufactured home must be determined as follows: <ul style="list-style-type: none"> ○ 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 less 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, if included. • The seller of the new manufactured home must provide proof of title transfer and satisfaction of any existing liens on the traded manufactured home.
<p>LAYERING OF RISK</p>	<ul style="list-style-type: none"> • A manufactured home adds a layer of collateral risk that must be considered when evaluating the overall risk of the mortgage using the three Cs of underwriting (credit reputation, capacity and collateral). • The underwriter must consider this high-risk characteristic in evaluating the overall risk of the mortgage and avoid combining a manufactured home with weaknesses 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 without the collateral component. • However, if the borrower has weaknesses 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.

<p>PURCHASE MONEY TRANSACTIONS</p>	<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 <ul style="list-style-type: none"> ○ 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. • The maximum loan-to-value (LTV) (and total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios, 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: <ul style="list-style-type: none"> ○ The purchase price of the manufactured home, and <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ○ 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: <ul style="list-style-type: none"> ▪ 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 underwriter must obtain a copy of the manufacturer’s invoice and Manufactured Home Purchase agreement.
<p>BORROWER FUNDS</p>	<ul style="list-style-type: none"> • Refer to Section 5501.3 for eligible sources of Borrower Personal Funds
<p>NO CASH-OUT REFINANCE TRANSACTIONS</p>	<ul style="list-style-type: none"> • 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: <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, 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

<p>NO CASH-OUT REFINANCE TRANSACTIONS, CONTINUED</p>	<ul style="list-style-type: none"> ○ 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 ● A “no cash-out” refinance mortgage must also meet standard loan amount limits as described in this section. ● The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a “no cash-out” refinance transaction is based on value calculated as follows: <ul style="list-style-type: none"> ○ 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 <u>separate liens</u>, the value is the lower of: <ul style="list-style-type: none"> ▪ The current appraised value of the Manufactured Home and land OR <ul style="list-style-type: none"> ▪ 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 <u>single lien</u>, value is the lower of: <ul style="list-style-type: none"> ▪ 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 underwriter must obtain a copy of the manufacturer’s invoice and Manufactured Home Purchase Agreement.
<p>CONTRACT FOR SALE OF A MANUFACTURED HOME PROVIDED TO APPRAISER</p>	<p>PBM must provide the appraiser with:</p> <ul style="list-style-type: none"> ● 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’s invoice and the Manufactured Home Purchase Agreement when the manufactured home is a new manufactured home and the transaction is a purchase transaction ● 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, the underwriter 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 appraisal update.

<p>APPRAISAL REQUIREMENTS AND STANDARDS</p>	<p>The appraiser must, at a minimum:</p> <ul style="list-style-type: none"> • Perform a complete visual inspection of the interior and exterior areas of the manufactured home • Inspect the neighborhood • Inspect each of the comparable sales from at least the street • Research, verify, and analyze data from reliable public and/or private sources • 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 • Develop the cost approach to value as support for the sales comparison approach • Report his or her analyses, opinions, and conclusions on Form 70B, Manufactured Home Appraisal Report • 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 that the manufactured home is not the same dwelling referenced on the contract for sale or other applicable documentation. • Complete the Form 70B in its entirety • Property Inspection Waivers are not allowed
<p>MANUFACTURED HOME AND THE SALES COMPARISON APPROACH</p>	<ul style="list-style-type: none"> • The appraiser must state the specific number of manufactured home sale and listing as well as the respective price ranges 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 property and multiwide comparable sales for a multiwide 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 from outside the influence of the developer, builder or property seller <ul style="list-style-type: none"> ○ Resales from within the subject project 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 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 sale to Freddie Mac.

MANUFACTURED HOME GUIDELINES



<p>MANUFACTURED HOME AND THE COST APPROACH TO VALUE</p>	<ul style="list-style-type: none"> • The cost approach and sales comparison approach are complementary for the valuation of manufactured housing and must support the final value conclusion. 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 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. • If a new appraisal is required, the appraiser must provide an analysis of previously unavailable information • If the new appraisal is an appraisal update that also acts as documentation of completion, the appraiser must state that the conditions of the underlying appraisal have been satisfied.
<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 delivery to Freddie Mac: <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 delivery to Freddie Mac ○ 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 Freddie Mac ○ 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.
<p>SOURCES OF MANUFACTURED HOME DATA</p>	<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 appraisal. • Although the Multiple Listing Service and public records information remain an important source of data, the appraiser must develop other sources such as Manufactured Home retailers and builders experienced in the installation of manufactured homes. • The N.A.D.A. Manufactured Housing Appraisal Guide and Marshall & Swift Residential Cost Handbook may also be used to provide support for the appraiser's quality adjustments and value conclusions. The N.A.D.A. guide or the Marshall & Swift Handbook may be used as additional resources to provide support for the appraiser's conclusion about the quality and value of a manufactured home.

MORTGAGE INSURANCE	<p>A Mortgage secured by a Manufactured Home must have mortgage insurance coverage as follows:</p> <table border="1" data-bbox="394 264 1563 678"> <thead> <tr> <th>LTV Ratio</th> <th>≤ 20-Year Loan Term</th> <th>>20-Year Loan Term and ≤-30 year loan term</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;">Primary Residence</td> </tr> <tr> <td>Greater than 80% up to 85%</td> <td>12%</td> <td>12%</td> </tr> <tr> <td>Greater than 85% up to 90%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Greater than 90%</td> <td>30%</td> <td>30%</td> </tr> <tr> <td colspan="3" style="text-align: center;">Second Home</td> </tr> <tr> <td>Greater than 80% up to 85%</td> <td>12%</td> <td>12%</td> </tr> </tbody> </table> <p>The mortgage can include borrower-paid mortgage insurance.</p>	LTV Ratio	≤ 20-Year Loan Term	>20-Year Loan Term and ≤-30 year loan term	Primary Residence			Greater than 80% up to 85%	12%	12%	Greater than 85% up to 90%	25%	25%	Greater than 90%	30%	30%	Second Home			Greater than 80% up to 85%	12%	12%																			
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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 California, the closing instructions must instruct the closing agent to perform all necessary procedures to assure that the certificate of title to the Manufactured Home is property cancelled (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 of the documentation related to the conversion of the Manufactured Home to real property cannot be obtained until after closing, PBM should obtain a properly circumscribed power of attorney from the borrower that may be used to complete the post-closing items as intended 																																								

<p>POST CLOSING ITEMS AND CONVERSION TO REAL PROPERTY</p>	<ul style="list-style-type: none"> • If there are post-closing items related to conversion of the manufactured home from personal property to real property, PBM should consider use of a properly circumscribed power of attorney from the borrower that may be used to complete the post-closing items. • All post-closing items must be documented in the loan file and any relevant documents received after closing must be included in the loan file.
<p>CERTIFICATE OF TITLE REAL PROPERTY CLASSIFICATION</p>	<ul style="list-style-type: none"> • PBM must provide documentation from 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 acknowledgement 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 I.e. (DMV) Department of Motor Vehicles and ○ Copies of the 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>TITLE ISSUES AND LIEN REQUIREMENTS</p>	<p><u>Real Property Requirements:</u></p> <ul style="list-style-type: none"> • To be eligible for delivery to Freddie Mac, a mortgage must be secured by a perfected First Lien on real estate that consists of the Manufactured Home and the land on which the Manufactured Home is permanently affixed, and the Manufactured Home must be legally classified as real property under California law, including relevant statutes, regulations and judicial decisions. • PBM must be <ul style="list-style-type: none"> ○ Familiar with, and comply with, all California laws and regulations and complete all steps necessary to ensure that all of the property securing the mortgage, including the manufactured home, is real property. ○ Aware of all California laws relating to titling the manufactured home and creating and perfecting liens on the manufactured home. • All California laws, regulations and administrative policies regarding the procedures for the surrender and cancellation of the certificate of title must be followed. • For example, California has procedures allowing for the surrender and cancellation of the certificate of title, the borrower may have to file an evidence of intent or affidavit of affixture for a manufactured home to be converted to real property. Or, the State may require a foundation form to be recorded in the land records and filed with the agency governing manufactured housing to complete the process for converting it to real property. • Certification of title surrender states (California): <ul style="list-style-type: none"> ○ The Manufactured Home is classified as real property when it meets the requirements imposed by the State of California, including, but not limited to: <ul style="list-style-type: none"> ▪ The manufactured home is permanently affixed to the land ▪ The certificate of title is surrendered to the California DMV and ▪ The certificate of title is cancelled by California’s HCD (Housing Community Development)

<p>TITLE ISSUES AND LIEN REQUIREMENTS CONTINUED</p>	<ul style="list-style-type: none"> ○ In California, after the certificate of title has been canceled or otherwise exempted, title to the manufactured home is evidence and conveyed by deed and the lien on the manufactured home and the land is created and perfected by a recorded Security Instrument. <p>http://www.hcd.ca.gov/codes/manufactured-housing/433a.pdf</p>
<p>TITLE INSURANCE</p>	<ul style="list-style-type: none"> ● The mortgage must be covered under a standard real estate title insurance policy that identifies the manufactured home located on the real property and insures against any loss if the manufactured home is not real property <ul style="list-style-type: none"> ○ An ALTA Form 7 endorsement ○ Any other endorsement such as 116 and 116.5, required by California for manufactured homes to be taxed as real property must be included in the file. <p>Note: the ALTA Form 7 endorsement does not insure the Manufactured Home has been property converted to real property. PBM is responsible for ensuring that all steps necessary to convert the Manufactured Home to real property have been completed and documentation evidencing the conversion is in the mortgage file.</p>
<p>LOAN DOCUMENTS</p>	<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 ● Special requirements for certificate of title Surrender States (California) <ul style="list-style-type: none"> ○ PBM must provide documentation from the appropriate California 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 acknowledgement 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.

<p>THE SECURITY INSTRUMENT</p>	<p>The security instrument (Deed of Trust/Note) 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 <ul style="list-style-type: none"> ○ The description must include the serial or VIN number (or the serial number of VIN for each unit if the home is multi-wide), 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.
<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 California Deed of Trust 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 Fannie Mae/Freddie Mac Uniform fixed-rate Note, and ○ The current Fannie Mac/Freddie Mac California Deed of Trust (security instrument) • The Note or the security instrument may not contain any statement that provides for 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(s) for each section of the manufactured home and any other information required by applicable law to identify the Manufactured Home.
<p>BACKGROUND INFORMATION REGARDING TITLING FOR MANUFACTURED HOMES</p>	<ul style="list-style-type: none"> • Titling is complex and further complicated by the lack of a federal standard. Consequently, all states devise their own laws resulting in diverse approaches to manufactured home titling and lien perfection. The variety of approaches is particularly challenging for lenders originating manufactured home loans in more than one state. Laws of some states do not clearly provide for a single lien on the manufactured home, together with the land on which it is situated, but instead, for example, require that the lien on the manufactured home be evidenced by notation on the certificate of title.

<p>BACKGROUND INFORMATION REGARDING TITLING FOR MANUFACTURED HOMES CONTINUED</p>	<ul style="list-style-type: none"> • While the laws of some states establish a procedure for surrender of the certificate of title when the manufactured home has become so permanently affixed to the land that it has become real property, the laws of other states do not allow for the elimination of the certificate of title to a manufactured home regardless of the degree of affixation of the home to the land. In these states, the lien on the land (evidenced by the mortgage, deed of trust, or security deed) may be legally distinct from the lien on the manufactured home (evidenced on the certificate of title), though both are liens on real property. In this instance, the manufactured home is often treated as an “immovable fixture” (personal property that has become so permanently attached to the land that it has become real property). • Research on state laws affecting manufactured housing liens indicates, more specifically, that in order to document a lien on a manufactured home that is real property, state laws take several approaches: <ul style="list-style-type: none"> ○ Surrendering the certificate of title when the manufactured home is permanently affixed to the land; ○ Recognized the manufactured home as real property without issuing a certificate of title when the unit is affixed to the land • Most states permitting manufactured homes to be treated as real property without first being title as personal property also have procedures for issuing a certificate of title and then surrendering it.
<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 Freddie Mac’s requirements relating 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>
<p>HUD CODES FOR MANUFACTURED HOMES</p>	<ul style="list-style-type: none"> • 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 Standards Act of 1974, 42 U.S.C. 5401-5426. The codes are administered by HUD and include but are not necessarily limited to: <ul style="list-style-type: none"> ○ 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