

BULLETIN #2016-05

TO: Distribution

DATE: February 3, 2016

**RE: CMG FINANCIAL CORRESPONDENT
LENDING UPDATES AND REMINDERS**

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES AND REMINDERS

Topics Covered in this Announcement:

- Update: HomeReady 5/1 ARM Caps
- Reminder: Manufactured Homes – Real Property

UPDATE: HOMEREADY™ 5/1 ARM CAPS

Summary: The ARM matrices are updated to reflect that ARM caps for the 5/1 HomeReady™ ARM are as follows:

Initial	2.00%
Subsequent	2.00%
Lifetime	5.00%

This impacts product codes: 1451MCM & 1451MCMHB

Link to ARM Matrices: [ARM Program CAPS, Margins and Note Numbers](#)

Effective Date: February 3, 2016

REMINDER: MANUFACTURED HOMES-FANNIE MAE CONVENTIONAL REAL PROPERTY

Summary: CMG allows purchases and refinances of existing manufactured homes that are built in 1995 or after that are underwritten with DU. As a reminder, the Fannie Mae selling guide lists out many additional requirements that must be adhered to. There are additional appraisal requirements, title requirements, conversion to real documentation requirements, underwriting considerations, etc.

As a reminder, every state/jurisdiction may differ on the exact requirements for ensuring a manufactured home is eligible as real property. CMG only permits eligible one-unit double wide manufactured homes that are secured by a single lien on real property. (condos/co-ops not permitted)

Below are some specifics in regards to conversion to real property and a reminder checklist of Fannie Mae's property eligibility requirements (modified to remove references to condos/co-ops/singlewides/newconstruction):

Certificate of Title Requirements: <http://www.fanniemae.com/content/guide/selling/b5/2/05.html>

The table below provides conditional requirements pertaining to the manufactured home certificate of title.

If ...	Then ...
state law permits the manufactured home to become real property when it is immediately affixed to the permanent foundation system, without issuance of a certificate of title,	<p>the lender must if the transaction involves the purchase of a new manufactured home obtain, and retain as part of the loan file, evidence that no certificate of title was issued.</p> <p>For example, if the lender obtains the manufacturer's certificate of origin, this would be evidence, in most states, that no certificate of title could have been issued.</p>
a certificate of title has been issued, but state law provides for or permits surrender of the certificate of title,	<p>the lender must obtain, and retain as part of the loan file, evidence that the certificate has been surrendered.</p> <p>Such evidence includes:</p> <ul style="list-style-type: none"> • the confirmation required to be provided by the authority to which the certificate was surrendered, or • if no such confirmation is obtainable: <ul style="list-style-type: none"> ○ a copy of the documents submitted in connection with the surrender, and ○ evidence that such documents were delivered to the appropriate authority.
a certificate of title has been issued, but state law does not permit the manufactured home to become real property without issuance of a certificate of title and does not provide for surrender of the certificate of title,	<p>the lender must adhere to the following requirements:</p> <ul style="list-style-type: none"> • The lien must be indicated on the certificate of title. • The certificate of title must be retained in the loan file. • The lender must assure that no other lien is indicated on the certificate of title. • Ownership of the manufactured home as shown on the certificate of title and ownership of the land as shown on the mortgage, deed of trust, or security deed must be identical (that is, the same individuals must sign both, each using the exact same name on both documents).

Manufactured Home Property Eligibility Requirements

Fannie Mae defines a “manufactured home” as any dwelling unit built on a permanent chassis and attached to a permanent foundation system. (For additional information, see [B5-2-02.Manufactured Housing Loan Eligibility \(04/15/2014\)](#).)

The table below provides additional manufactured housing property eligibility requirements. For manufactured housing appraisal requirements, see [B4-1.4-01, Factory-Built Housing: Manufactured Housing \(04/15/2014\)](#).

Requirements

	<p>The manufactured home must be built in compliance with</p> <ul style="list-style-type: none"> <input type="checkbox"/> the Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976, as amended and in force at the time the home is manufactured; and <input type="checkbox"/> additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280. <p>Compliance with these standards will be evidenced by the presence of both a HUD Data Plate and the HUD Certification Label. If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the HUD Certification Label, the loan is not eligible for delivery to Fannie Mae.</p> <p>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 Fannie Mae, 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 <i>Manufactured Home Appraisal Report</i> (Form 1004C) must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.</p> <p>As an alternative to the original HUD Certification Label, the lender may be able to obtain a verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS). A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. (A list of IPIA offices is posted on HUD's website.)</p>
	<p>The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit.</p>
	<p>The manufactured home must be a one-unit dwelling unit that is legally classified as real property.</p>
	<p>The towing hitch, wheels, and axles must be removed. The dwelling must assume the characteristics of site-built housing.</p>
	<p>The borrower must own the land on which the manufactured home is situated in fee simple.</p>
	<p>Multi-width manufactured homes may be located either on an individual lot or in a project development.</p> <p>Project approval for mortgage loans secured by multi-width manufactured homes located on individual lots in subdivisions or in PUDs is generally not required, but Fannie Mae may choose to require project approval. For further information about project approval requirements, see Chapter B4-2, Project Standards.</p>
	<p>The manufactured home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area.</p> <p>Fannie Mae does not specify other minimum requirements for size, roof pitch, or any other specific construction details for HUD-coded manufactured homes.</p>

	<p>The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements for anchoring, support, stability, and maintenance.</p> <p>The foundation system must be appropriate for the soil conditions for the site and meet local and state codes.</p>
	<p>The manufactured home must be permanently connected to a septic tank or sewage system, and to other utilities in accordance with local and state requirements.</p>
	<p>If the property is not situated on a publicly dedicated and maintained street, then it must be situated on a street that is community owned and maintained, or privately owned and maintained.</p> <p>There must be adequate vehicular access and there must be an adequate and legally enforceable agreement for vehicular access and maintenance. See B4-1.3-04, Site Section of the Appraisal Report (04/15/2014), for additional information about privately maintained streets.</p>
	<p>Mortgages secured by existing manufactured homes that have incomplete items, such as a partially completed addition or renovation, or defects or needed repairs that affect safety, soundness, or structural integrity, are not eligible for purchase until the necessary work is completed.</p>
	<p>Manufactured homes that have an addition or have had a structural modification are eligible under certain conditions. If the state in which the property is located requires inspection by a state agency to approve modifications to the property, then the lender is required to confirm that the property has met the requirement. However, if the state does not have this requirement, then the property must be inspected by a licensed professional engineer who can certify that the addition or structural changes were completed in accordance with the HUD Manufactured Home Construction Safety Standards. In all cases, the satisfactory inspection report must be retained in the mortgage loan file.</p>

***Please contact your National Sales Manager
or your Correspondent Liaison with any questions.***

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