



# Manufactured Housing

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# What is a Manufactured Home?

A manufactured home is a factory built home constructed to a national building code established by the U.S. Department of Housing and Urban development (HUD) in 1976. The building standards are titled HUD Title 6 Construction Standards but are commonly known as the HUD Code.

Although the Code was introduced in 1976 it has been revised multiple times since then.

These homes are typically built on a steel chassis/ I beam with the serial number etched into it. In some cases it could be constructed of wood rather than steel however that is not common. The frame is constructed with a tongue towing assembly at the front with axles & tires attached underneath for towing to the home site. When the home is permanently affixed to the land the wheels & axles should have been removed.

- ❖ Should a dealer or manufacturer choose to deliver the unit on a flatbed instead of using the chassis, it is still a manufactured home
- ❖ It can be delivered in two or three sections, each on its own chassis and assembled together on site, this is called a "double wide" or "triple wide" manufactured home

# What Is NOT A Manufactured Home

- Factory built housing such as modular, prefabricated or panelized housing
- Modular home “kits”
- Properties that do not have a chassis or “I-beam”
- All the above are NOT considered manufactured homes but considered “stick built”
- The above are completed on an appraisal form 1004 for single family homes and not a form 1004C/Form for manufactured homes

# General Property Requirements

## Manufactured Homes Must

- Be built in compliance with HUD standards of 1976 as evidenced by the HUD identification plate located inside the unit and additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280 as evidenced by the HUD Certification Label.
- Must be classified as real estate and attached to a water/septic system as well as other utilities in accordance with local and state requirements
- Borrowers must own the land fee simple
- Be attached to the permanent foundation system in accordance with the manufacturer's requirements for anchoring, support, stability and maintenance (A foundation is considered permanent when it is appropriate for soil conditions and must meet state and local building codes)
- All improvements must be completed and paid for (exception is for minor items that would not affect the ability to obtain an occupancy permit)
- Manufactured home must be one-unit dwelling that is legally classified as real property
- Dwelling must assume characteristics of site-built housing
- be classified as a double wide or larger (HFC overlay).
- Fannie Mae and Freddie Mac do not specify other minimum requirements for size, roof pitch, or any other specific construction details for HUD-coded manufactured homes
- Manufactured homes that have been moved from their original placement site are NOT eligible

# Purpose and Background Information

## Purpose

This Policy and Procedure is intended to equip HFC employees with a general understanding of the process and documentation required to convert manufactured homes to real property. This Policy supplements, but DOES NOT, replace the following Homestar Policies:

1. "Homestar Manufactured Homes (FHA)"
2. "Homestar Manufactured Homes (VA)", and
3. "Homestar Manufactured Homes Loan Eligibility Matrix"

## Background Information

- Titling is complex and further complicated by a lack of federal standard. Consequently, all states devise their own laws, resulting in diverse approaches to manufactured home titling and lien perfection.
- Manufactured homes are considered personal property under state law and are titled in the same manner as motor vehicles. Nevertheless, in all of HFC's licensed states, state law permits conversion by the owner of a manufactured home to real property. Furthermore, all Agencies require conversion of the manufactured home from personal to real property.
- Conversion to real property requires retiring or surrendering the manufactured home's certificate of title(s) to the appropriate state agency. Each state has its own procedure for retiring certificates of title and most provide specific documentation to evidence conversion to real property. (Mobile homes will have a title for each section)

# What HomeStar has to offer....

## Conventional

- Purchase, limited Cash-Out or Cash-Out Refinance
- C/O Refi limited to 65% LTV & < or = to 20 year term.
- Up to 95% LTV for purchase & R/T refinance.
- Fannie Mae and Freddie Mac guidelines with minimal overlay's
- Follow AUS Findings
- Standard FNMA 1004C appraisal

## FHA

- Purchase, limited Cash-Out or Cash-Out Refinance
- Up to 96.5% LTV
- Cash out limited to 80% LTV
- FHA guidelines with minimal overlay's
- Follow AUS Findings
- Standard FNMA 1004C appraisal

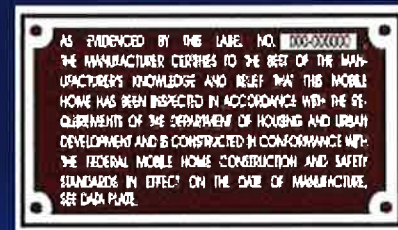
## VA

- Purchase, limited Cash-Out or Cash-Out Refinance
- Up to 100% LTV
- VA guidelines with minimal overlay's
- Follow AUS Findings
- Standard FNMA 1004C appraisal

# HomeStar Overlays

- Max DTI to follow AUS/DU findings
- NO manually underwritten FNMA loans – (FHA/VA are allowed)
- Minimum 580 for FHA/VA and 620 for CONV Credit score
- Multi-wide manufactured home only. NO single-wides
- Property cannot be classified as a Condo or CO-OP
- Appraiser must use a minimum of 2 similar & acceptable comps (3 for Conv).
- No “construction-to-perm” allowed.
- Existing (<1yr old) is allowed.
- New Dealer allowed, but Manufactured Home must be fully set up and placed in it's permanent location
- No USDA/RD allowed
- 203k is allowed
- DPA available on Conventional and FHA with a minimum credit score 640
- DCA not eligible.
- Must have been built after June 15, 1976

# HUD Certification Label (“HUD Tags”)



The HUD Certification Label (“HUD Tags”) are metal plates that are affixed to the **outside** of the manufactured home. They are permanently affixed to the manufactured home by 4-blind rivets, or drive screws, or other means that make it difficult to remove without defacing it. The label number is etched or stamped with a 3-letter designation which identifies the production inspection primary inspection agency and which the Secretary assigns. Each label is also marked with a 6-digit number. On a doublewide unit, there will be two HUD certification labels/HUD tags

- ❖ If the appraisal indicates the HUD Certification Label is missing from the manufactured housing unit, the mortgagee must obtain label verification from the Institute for Building Technology and Safety (IBTS) at <https://lvr2.ibts.org/#/LandingPage>



# Data Plate Compliance Certification

The Data Plate Compliance Certification is a document found **inside** the home, often taped to the inside door of a kitchen cabinet, bedroom door or electrical panel. It contains the following information:

- The Data Plate has maps of the United States to inform the owner of the Wind Zone, Snow Load, and Roof Load of the home; the Data plate will contain the following information
- The name and address of the Manufacturing plant in which the manufactured home was manufactured
- The Serial number and model designation of the unit, and the date the unit was manufactured
- The statement: This manufactured home is designed to comply with the Federal Manufactured Home Construction and Safety Standards in force at the time of manufacture
- A list of the Certification label(s) numbers(s) that are affixed to each transportable manufactured section under 3280.8
- A list of major factory-installed equipment, including the manufacturer's name and the model designation of each appliance
- Reference to the roof load zone and wind load Zone for which the home is designed



❖ The appraiser must report the information on the data plate within the appraisal, including the manufacturer name, serial number, model and date of manufacture, as well as wind, roof load and thermal zone maps and a photo of the document. If the data plate is missing or the appraiser is unable to locate it, the appraiser must report this in the appraisal. For Conventional, appraisal should be made subject to this data. HFC is responsible for obtaining ITBS & providing to appraiser.

# Data Plate Compliance Certificate and/or Label Verification Letter

## What information is contained in the Label Verification Letter?

- Label Number(s) for each unit of the home
- Serial/Vin Number
- Manufacturer's name and location
- Date home was built
- Name and location of first dealer destination (retail center, not the physical address of the home).
  - IBTS cannot provide a location history of the unit nor can they confirm property address



## What information is contained in the Data Plate Compliance Certificate (a.k.a. Performance Verification) letter from IBTS?

- Serial Number (VIN)
- Manufacture's Name and Location
- Date home was built
- Wind Zone, Roof Load Zone, and Thermal Zone



**Please Note: The IBTS Data Plate/Compliance Certificate does not show the HUD Label Numbers. The only identifying number that is shown on our data plates is the home's serial number (VIN#)**

# Data Plate Compliance Certificate and/or Label Verification Letter

- ❖ If you do not have readable Data Plate Compliance Certification (inside), but you do have a readable HUD Certification Label (outside), then you need to order a Data Plate Compliance Certificate from IBTS for all loan types except FHA
- ❖ If you do not have readable HUD Certification Label (outside), but you do have a readable Data Plate Compliance Certification (inside), then you need to order a HUD Certification Label Verification from IBTS for all loan types
- ❖ FHA loans require only the HUD Certification Label (outside). However, all other loan types require both



- IBTS is the single source for manufactured home data used to identify whether a home was built according to the HUD Manufactured Home Construction and Safety Standards (HUD code) and, if so, how it was designed and constructed
- All manufactured homes built after June 15, 1976 are required to have one or more label(s) attached to them: a manufactured home HUD label(s) and a Data Plate/Compliance Certificate
- IBTS is the only agency that can provide manufactured home owners, real estate agents, brokers, and other stakeholders with a Label Verification Letter, which can suffice for missing HUD labels. IBTS can also provide a copy of the original data plate or a Performance Verification Certificate in its absence

# Title Surrender Considerations:

- HFC requires title surrender/retirement and conversion to real property. HFC Underwriter will be conditioning for this to be completed prior to final approval (CTC). However, there may be an occasion (lien on title, etc) where the retirement of the title could be made an “at funding” condition.
- The closing agent should confirm, based upon specific state requirements, whether the certificate of title has been surrendered/retired
- Mortgage must be secured by both the land and Manufactured Home on which it is situated
- Loans where there is a chattel lien on the Manufactured Home plus a real property lien are not acceptable
- The property must be covered by a standard real property title insurance policy that insures the MH is part of the real property that secures the loan.
- ALTA endorsement 7, 7.1 or 7.2 or any endorsement required for manufactured homes to be treated as real property (cannot list any contingencies for issuing Alta 7 endorsement on final policy)
- Affidavit of Affixture- Must be signed by the borrower and the lender to acknowledge their intent for the Manufactured Home to be permanently part of the real property that secures the mortgage free of any personal property security interest. (If title being retired at closing, LO MUST be present at closing to sign/date - questions on this should be directed to the Closing Manager)

# Title Surrender Considerations Cont'd.....

If the property is not currently converted to real property, what is the conversion procedure?

It is the Closing Agent's responsibility to shepherd the title from receipt of the certificates all the way through retirement/surrender. Procedures for surrender/retirement (conversion to real property) vary by state, and are often cumbersome and time consuming, sixty days or more. It is helpful for HFC to have a general understanding of the process so that we can set realistic expectations for the parties to the closing and understand closing agent requests and requirements

# Title Surrender Considerations Cont'd.....

## Pre-closing:

- 1) Lender notifies the attorney that the secured property is a manufactured home (unless we tell the attorney's office that a manufactured home is involved, the attorney may not know based solely on a title search)
- 2) After notification that the secured property is a manufactured home, the attorney should contact the Listing Agent, Seller or Seller's lender to determine the location of the title certificate(s). In this scenario, we will assume that the Seller's lender is holding the certificate(s).
- 3) Closing attorney must provide written statement, for Underwriter review, that they have located the title AND made arrangements with the seller and/or lienholder, for it's delivery to the attorney
- 4) For NC manufactured homes, when a Declaration of Intent has already been recorded, HFC to call the NCDMV, provide the VIN# and retain for the file a statement that they confirmed that no title exists.

# TITLE CONSIDERATIONS CONTINUED...

## AT CLOSING:

Having confirmed that the Seller's current lender is holding the title certificate(s) and will return to the Seller upon payoff, obtain assurances from the Seller that he or she will deliver the Certificate of Title(s) to the attorney once returned to the Seller from the Seller's lender.

Require the Seller sign the Georgia Form T-234 (Certificate of Permanent Location)

**\*\*\*\*These policies & procedures refer to properties located in the state of GA. If your property is in another state, you need to reference the state specific guidelines\*\*\*\***

FOR COUNTY USE ONLY

T-234 (Rev. 9-2005)  
**Mobile/Manufactured Home Certificate of Permanent Location**  
This certificate is prepared for filing and recording in the public records pursuant to § 8-2-101 of the O.C.G.A.

1. Mail-rented copy to: (Name and mailing address)  
\_\_\_\_\_

2. Debtor's Name and Mailing Address: (Last name first if an individual)  
\_\_\_\_\_

3. Debtor's Name and Mailing Address: (Last name first if an individual)  
\_\_\_\_\_

4. Lien Holder/Secured Party's Name and Mailing Address: (Last name first if an individual)  
\_\_\_\_\_

5. Lien Holder/Secured Party's Name and Mailing Address: (Last name first if an individual)  
\_\_\_\_\_

6. The Certificate of Permanent Location covers the following real estate:  
VIM \_\_\_\_\_

7. Description of real estate to which this certificate permanently applies:  
\_\_\_\_\_

The identification number on page number \_\_\_\_\_ of the real estate records maintained by the Clerk of the Superior Court of \_\_\_\_\_ County.

8. Name of the State (Do not include the word "State") (Must include at least one of the words "State")  
\_\_\_\_\_

9. Counties in which this Certificate of Permanent Location is filed:  
\_\_\_\_\_

10. Signatures

Debtor	Date	Debtor	Date
_____	_____	_____	_____

I hereby certify that this is a true and accurate copy of this Certificate of Permanent Location as recorded in the records of the Clerk of Superior Court of \_\_\_\_\_ County. This \_\_\_\_\_ day of \_\_\_\_\_ (Month) \_\_\_\_\_ (Year) \_\_\_\_\_ (Day)

Page \_\_\_\_\_ of \_\_\_\_\_  
(Deputy) Clerk of Superior Court



# TITLE SURRENDER QUICK REFERENCE GUIDE

	TITLE ALREADY RETIRED	TITLE TO BE RETIRED PRIOR TO CLOSING	TITLE BEING RETIRED AT CLOSING/FUNDING
RECORDED T-234 OR EQUIVALENT	YES	YES	NO
COPIES OF TITLE CERTIFICATES FOR EACH SECTION	NO	NO	YES, Except when held by sellers lien holder
AFFIDAVIT OF AFFIXATION	NO	NO	YES
ALTA 7, 7.1 OR 7.2 ENDORSEMENT	YES	YES	YES

### MANUFACTURED HOME CONDITIONS CLARIFICATION:

The Underwriter will need to determine the "State of the Title" on each individual file and then choose the condition below that meets the need. If at time of initial UW, it is not clear if title is retired, assume it is retired and condition accordingly.

- **Title has already been retired:**
- **PRIOR TO APPROVAL CONDITION:** Processor will obtain from Closing Agent a copy of the fully executed and recorded T234 form (or its equivalent for states other than GA). The Title Commitment must specifically state that the title has been retired; subject property is real property and reflect Alta 7 Endorsement.
- **PRIOR TO APPROVAL CONDITION (NC ONLY):** Provide completed and RECORDED copy of the "Declaration of Intent to Affix Manufactured Home to Real Property" from closing attorney AND VIN # search stating the title was cancelled or a title was never issued; OR a copy of the completed and RECORDED copy of the NCDMV Form #MVR 46G "Affidavit for Removal of Manufactured Home from Vehicle Registration files."

# CONDITIONS CONTINUED...

- **Title has NOT been retired** and will be retired **prior to CTC**:
  - **PRIOR TO APPROVAL CONDITION**: Processor will obtain from borrower (and provide to Closing Agent) a copy of the fully executed and recorded T234 form (or its equivalent for states other than GA). Title Commitment must specifically state that the title has been retired; subject property is now real property and final commitment will reflect Alta 7 Endorsement(s).
- **Title has NEVER been issued**
  - **PRIOR TO APPROVAL CONDITION**: Processor to obtain a copy of the recorded Certificate of Origin (either from the seller or closing attorney/agent) AND the Title Commitment must specifically verify that the subject property is real property.

# CONDITIONS CONTINUED...

- **Title has NOT been retired and will be retired at closing:**
  - **PRIOR TO APPROVAL CONDITION**: Processor will obtain from closing agent copies of title certificates or Bonded Titles to be retired and copy of unrecorded T234 (or equivalent for states other than GA). Title Commitment must reflect verbiage that final policy will reflect subject has been labeled as Real Property and will include Alta 7, 7.1 or 7.2
  - **PRIOR TO FUNDING CONDITION**: Title commitment must state specifically that the property will be labeled as real property, the ALTA 7.1 will be issued without contingencies. The Tax Commissioner Retirement Letter must be provided by closing attorney and returned to Homestar Financial Corp along with recorded T234 (or its equivalent for states other than GA). The borrower and Lender must sign and notarize Affidavit of Affixation, acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage. The affidavit must be recorded simultaneously with security instrument and must be retained in the loan file.

# STRUCTURAL ENGINEER REPORT

- FHA Preferably ordered before appraisal report or appraisal will be made subject to receipt of the report . Report must be reviewed by appraiser. Conventional loans do not require this report unless structural changes have been made to subject (i.e. covered porch, additions, etc.).
- If a report was completed prior to our loan application (subject property), it can be submitted with our file to be reviewed by the appraiser. Structural reports do not expire as long as the appraiser states that NO material changes, of any kind, have been made to the property since the date on the original report. It would then be acceptable to submit to Underwriting for final review.
- If Report is not FHA Case specific, or borrower specific, Underwriter must notate on the LT that a previous report is being used for the subject property.
- HUD REO Properties do NOT require this report.
- Structural Invoice is required and verify amount matches in Encompass

# STRUCTURAL REPORT REQUIREMENTS

- Must certify that foundation construction meets HUD, state, local & ASCE standards.
- Must certify that home has not been moved from its original installation site.
- Must certify that all attached improvements (decks, porches, etc.) are supported independently from home and not adversely effecting structure integrity of home.
- Structural Invoice is required and verify amount matches in Encompass.
- Verify type of skirting meets HUD requirements.
- Report must reflect engineers stamp, date & property address.

# APPRAISAL REQUIREMENTS

- Appraisal must follow HUD guidelines for completing the Fannie Mae Form 1004C/Freddie Mac Form 70B, *Manufactured Home Appraisal Report*
- Appraiser must include a sufficient number of sales to produce a credible value. At least two of the comparable sales properties must be Manufactured Housing (3 for conventional).

A small, high-resolution thumbnail image of a Fannie Mae Form 1004C/Freddie Mac Form 70B, Manufactured Home Appraisal Report. The form is a complex document with multiple sections, including a cover page, a data section with various fields for property information, and a narrative section for the appraiser's report. The text is small and difficult to read in this size.

## Foundation Requirements:

- The manufactured home must be permanently affixed to a foundation system designed by a licensed professional engineer.
- Permanent footings that are suitable for the soil, climate and geological conditions of the site and be able to support the size and weight of the manufactured home
- Wheels, axles, and towing or running gear must be removed from the manufactured home
- Federal, local laws, rules and regulations must be met.
- For existing properties, the lender or its appraiser may verify with the state or local authority that a licensed professional engineer approved the permanent foundation system or a new inspection report provided by a licensed professional engineer may be obtained to make the determination that the foundation system meets the above requirements.

# SKIRTING

Refers to a non-structural enclosure of a foundation crawl space. Typically, but not always, it is a lightweight material such as vinyl or metal attached to the side of the structure, extending to the ground (generally, not installed below frost depth)

- a) Appraiser must indicate the material type of the skirting
- b) The crawl space must be properly enclosed (can be vinyl skirting) (if it is a crawl area with no basement) with a continuous perimeter enclosure of a permanent foundation-type construction, i.e., poured concrete, block, brick, stone, treated wood, etc
- c) "H-Wall" or other permanent backing is acceptable (behind skirting)(UW must review photos)
- d) If the perimeter enclosure is non-load-bearing skirting comprised of lightweight material, the entire surface area of the skirting must be permanently attached to backing made of concrete, masonry, treated wood or a product with similar strength and durability
- e) Report the type and materials and rate the observed condition
- f) If the manufactured home has a crawl space and lacks a continuous perimeter enclosure of a permanent nature, note this absence and condition the appraisal for installation
- g) Note whether the enclosed crawl area has adequate access and ventilation



# POSSIBLE RED FLAGS

- You see wheels and hitch in the photographs (Spend time looking at the subject and comparable photos)
- You see metal skirting around the foundation of collateral
- Non-pitched roof, no house #, wood steps to the front door, possible alterations to the vinyl siding (such as overlaying with brick)
- Electrical Meter Box is located on a pole and not attached to the home itself
- You see other manufactured homes in the background of subject
- Appraiser doesn't provide comps that look like manufactured homes as per the photos
- Appraiser does not properly address why only two manufactured homes were provided
- DU provides a red flag message about the property address being known as a manufactured home
- Fully review the description, photos, and verify the property address within DU to help determine if in fact the property is a Manufactured home

# HAZARD INSURANCE GUIDANCE

Manufactured homes are truly a unique product especially when it comes to insurance. Insurance agents have the ability to provide a cost estimator of the property with debris removal. A cost estimator should be obtained, to determine that the insurance coverage is sufficient at 100% replacement cost.

The declarations page should reflect that the policy is insuring a manufactured home. If agent is unable to list this directly on dec page, then separate evidence from agent will be required.

Our main Investor for Manufactured Home financing, requires the lesser of the following, so HFC will adopt this as our Hazard Insurance Guidance going forward:

## Amount of Hazard Insurance Coverage

For first lien home mortgages on 1-4 unit properties, the hazard insurance coverage must be equal to lesser of:

- 100% of the insurable value of the improvements – as established by the property insurer thru cost estimator OR
- Guaranteed Replacement cost Endorsement, which provides that the insurer agrees to replace the insurable property, regardless of the cost or the Replacement Cost Endorsement OR
- The unpaid principal balance of the mortgage, as long as it equals the minimum amount (80%) of the insurable value (total appraised value minus the estimated site value) required to compensate for damage or loss calculated on a replacement cost basis

⚠ If the hazard insurance is not equal to **at least one** of the above minimum coverage amounts, then additional hazard coverage that meets the minimum coverage amounts must be obtained **before** the loan can be closed

If the estimated site value, opinion site value, or an appraisal addendum signed by the appraiser is not available on the appraisal, the documents below are acceptable in the following order:

1. Insurance value from the insurance agency
2. Third party vendor may have been used by the vendor
3. If the site value is not noted, the tax assessor value from the title policy/commitment or tax assessment form may be used for the calculation

# QUICK REFERENCE GUIDE

	FHA	VA	CONVENTIONAL
Structural Engineer Report	YES unless HUD REO	NO unless structural changes	NO- unless there are structural changes such as a covered porch or additions.
HUD Cert Label (outside)	YES	YES	YES
HUD Data Plate (inside)	NO	NO	YES
ALTA 7,7.1 or 7.2	YES	YES	YES
MH Cover sheet	YES	YES	YES
MH COMPS		2	2 3
MANUAL UW ALLOWED	YES	YES	NO
SECOND HOME	NO	NO	YES
INVESTMENT	NO	NO	NO
Construction to Perm	NO	NO	NO
New Construction/<1yr	YES	YES	YES
Single Wide	NO	NO	NO
Leasehold	NO	NO	NO-
Minimum Credit Score		580	580 620
FREDDIE MAC	NO	NO	YES -must be approved & priced by Secondary Marketing Dept YES if approved & priced by Secondary
LOAN PROSPECTOR	NO	YES	