



MH Full Doc Conforming Program

**LAND HOME BRANCH OPERATIONS
LOAN PROGRAM DESCRIPTIONS EFFECTIVE DATE:**

June 7, 2006

SUBJECT: MFR HOME FULL DOC CONFORMING PROGRAM

4.00 PROGRAM DESCRIPTION

A conforming "A" credit quality first mortgage program with fixed or adjustable rate terms for approved brokers. This program is for manufactured home mortgages that comply with standard FNMA/FHLMC conforming mortgage guidelines for existing manufactured homes compliant to the HUD Code (Post-1976). It is not designed for new homes or for mortgages originated through a manufactured home retailer or construction to permanent loans that are facilitated through a general contractor or factory-built home retail location. The program is designed for borrowers who have a high regard for their financial obligations as demonstrated by their credit and stable employment. The program is available for loans processed through DU and LP. FHA loans are not permitted.

4.01 INELIGIBLE LOANS

Community Lending, FHA, or VA Products
Manufactured Homes not built in compliance with the 1976 HUD Code
Manufactured Homes not affixed to a permanent foundation in compliance with Federal, State and Local regulations
Metal-on-Metal HUD Code Homes
Partial term buy downs
New homes or construction to permanent loans that are facilitated through a general contractor or factory-built home retail location

4.02 AVAILABLE MARKETS

Available in all states except NJ, NY, KS, and WV

4.03 LOAN PROGRAMS

Conventional Conforming Fixed Rate Product (10, 15, 20, 25, and 30 year terms) and Adjustable Rate Product (7/1 and 10/1 ARMs only)

4.04 OCCUPANCY

Primary Residence and Second Homes only.

4.05 ELIGIBLE PROPERTIES

1 Unit properties – SFR and PUDs

HUD Code compliant Manufactured Homes or "On Frame" Modular Homes affixed to a permanent foundation in compliance with Federal, State and Local regulatory requirements

- For HUD Code homes, towing hitch, wheels and axles must be removed.

Home must be classified as Real Property with Title retired per State guidelines.

- Land must be owned by borrower in fee simple status.

Existing homes only

Multi-section Manufactured Homes meeting the following general criteria:

- Minimum of 700 Sq Ft.
- Home siding must be of high quality and be in conformance with the standard siding prevalent in the immediate area
- Acceptable like-property resale comparable sales within the past six months



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- Skirting (if necessary) must be of high quality materials, be professionally installed and be comparable with the “look” of homes in the immediate area. Metal skirting is not acceptable.
- All improvements and utility services must meet County code requirements and be compatible with similar features of homes in the immediate area. The home must be permanently connected to septic or sewer system and all other utilities.
- Landscaping and hardscapes (i.e. walkways and driveways) must be compatible with homes in the immediate area.

4.06 INELIGIBLE PROPERTIES

- Leasehold estates (i.e. parks).
- Investment properties

4.07 LOAN PURPOSE

Purchase, Rate and Term Refinance, and Cash Out Refinance

4.08 MAXIMUM LOAN AMOUNT

Conforming loan size only

4.09 LOAN ATTRIBUTES

Purchase and Rate and Term Refinance

FICO – Minimum of 640 (LTV dependent); Minimum of 680 for 95% LTV

LTV	Term	Occupancy	Loan Purpose
<= 95%	<= 30 yrs	o Principal residence	o Purchase money o Limited cash-out refi
<= 90%	<= 30 yrs	o Principal residence o Second home	o Purchase money o Limited cash-out refi
<= 65%	<= 20 yrs	o Principal residence	o Cash-out refi

4.10 CREDIT SCORE REQUIREMENT

A minimum FICO score as detailed in the above is required regardless of a DU decision. A letter of explanation is not required for derogatory credit. Recent credit inquiries must be explained and any new opened accounts must be documented.

4.11 INELIGIBLE CREDIT SCENARIOS

Loan does not meet the credit score, LTV, or loan amount guidelines.

The borrower is party to a lawsuit.

Non-arms length transactions

Non-occupant borrowers

Work Completion Escrow/Holdbacks

Mortgage History: Less than a 12-month history or more than 1 instance of 30 days late in the most recent 12 months.

Employment History: Less than 2 years history

Bankruptcy: Discharged less than 4 years.

Foreclosure: Discharged less than 4 years.

Collections: Must be paid off with proof of source of funds.

Liens and Judgments: Must be paid off with proof of source of funds

4.12 PRIVATE MORTGAGE INSURANCE

Standard coverage (including MH premium) applies (regardless of the DU finding)

4.13 TOTAL DEBT RATIO



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38% or as determined by DU or LP

4.14 INCOME

Wage / Salary Income / Employment

A 2-year employment history and VOE is required.

A written explanation of gaps more than 30 days is required regardless of DU findings.

Verbal verification of current employment will be done by Land/Home Financial Services.

Income verification is required, including most recent pay stub and W-2s.

Self-Employed Income

Verification the business has been in operation for at least 2 years is required.

A copy of the business license or alternative confirmation of the existence of the business

(e.g., through a business directory listing) is required.

If a license is not required for the business, a signed confirmation of the existence of the

business by the borrower's accountant or CPA is required.

Income verification is required. Last two year's tax returns.

IRS Form 8821/4506-T is **required** at closing.

4.15 OTHER INCOME

Alimony/Child Support: A 6-month history of receipt and the amount of income is required. Income used to qualify may not represent more than 30% of the borrower's total gross income as stated on the application.

Rental Income: A 2-year history of receipt of income is required. A 2-year mortgage history of receiving the income for rental must be reflected on tax returns. For recent rentals, copies of lease agreements and the last two months bank statements showing rental income receipt must be provided.

Secondary Income: A 2-year history of receipt is required. Other non-employed income may be used to qualify the borrower provided they have a history of receiving the income regularly (as noted in this section). Possible sources that may be used to verify the duration in which the borrower has received, and will continue to receive other non-employed income, include: Award letter, court order/agreement, asset statement from which the income is generated, notes receivable, agreements, attorney letter, etc.

Trailing Co-Borrower Income: Not permitted.

IRS Form 8821/4506-T is **required** at closing.

4.16 ASSET VERIFICATION

Verification of source of funds is required for all purchase and rate/term refinances. Verification must cover most recent 2-month period. Any portion of the borrower's down payment that comes from the borrowers own funds must be verified. Funds that cannot be verified cannot be used. Gift funds are allowed if the borrowers provide at least 5% of the down payment from their own funds. The source and seasoning of gift funds must be verified with proper documentation. Liquidation of assets for closing (e.g., stocks, bonds, etc.) may be required. If required, verification of liquidation is mandatory.

4.17 INELIGIBLE SOURCES OF FUNDS

Funds from a bridge loan

Interested party contributions

4.18 RESERVES

Six months PITI is required or per AUS guidelines

4.19 ESCROWS

Escrow accounts are mandatory for loans with an LTV > 80%. Escrow waivers are permitted if the LTV is <80%, subject to State law. Pricing on Rate Sheets.

4.20 PROPERTY VALUATION



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A full interior/exterior appraisal only by a Land/Home Financial approved appraiser. Specific FNMA/FHLMC MH appraisal guidelines must be strictly adhered to including a Manufactured Home Appraisal Report Addendum (Fannie Mae Form 1004C or Freddie Mac Form 70B). Alternative property valuations such as APV, appraisal waivers or reduced requirements from DU findings are not permitted. Comparable sales must be MLS-listed and sold HUD Code Homes of like type, must meet standard distance criteria and have at least two acceptable resale comparable sales within the past six months.

4.21 DESKTOP UNDERWRITER

For loans submitted to DU or LP, the parameters of this program must be adhered to regardless of the DU/LP findings with following three exceptions:

- 1.) Asset documentation determined by DU/LP may be used.
- 2.) The 38% debt ratio requirement may be disregarded if the loan is approved through DU.
- 3.) Loans receiving an Approve Eligible, Expanded Approval Level I and II, or Accept Decision are eligible for this program. Loans receiving an Expanded Approval Level III or A (minus) are not eligible.