

Underwriting and Collateral Requirements

Underwriting

- Debt-to-income ratios
 - Housing expenses not to exceed 31 % of monthly income
 - Total fixed expenses not to exceed 43% of monthly income
- Ultimately, lenders are responsible for underwriting criteria

Collateral Requirements

- HUD-Code homes only
 - HUD Certified Invoice detailing wholesale price from the factory plus itemized options & actual charges for freight
 - True volume rebates are OK (no other payments allowed)
- New homes (and existing homes which have moved) must meet Model Manufactured Home Installation Standards
- Existing homes must have been installed in compliance with manufacturer's requirements
- Loans on new homes require a 1-year manufacturer warranty
- Loans on homes in LLC's require a 3-year lease

MH Retailer Requirements

Title I lenders approve MH retailers using the following criteria:

- Experience in MH retail sales
- Financial responsibility
 - Ability to perform contractual obligations
 - Net worth of at least \$63,000
- Credit report for business and principals
- Lender may require retailer to execute resale agreement to assist lender in reselling home in case of repossession
- Retailer approvals are good for one year

FHA Title I Loan Insurance Program

- Insures loans made by private lending institutions to

finance the purchase of a new or used
manufactured home

- HUD has been providing loan insurance on MH
under Title I since 1969

FHA Loans eligible to be securitized via Ginnie Mae
Program was "revitalized" last August with passage

- of the *Housing and Economic Recovery Act of 2008*

Features of the New Title I Loan Insurance Program

- Insurance covers 90% of loss on a loan
- DP of 5% required, 10% if borrower's FICO is less than 500
- Maximum loan term of 20 years,
- 25 year terms available for Multi-sections financed with lot
- Fixed interest rates

• *Initial loan limits (Loanlimits adjust annually for changing prices of new MH):*

• Manufactured home only - \$69,678

• Manufactured home lot - \$23,226

• Manufactured home & lot - \$92,904

> *Loan limits adjust annually for changing prices of new MH*

• Max advance of 130% of invoice for new homes

• FHA Insurance premiums:

• Upfront premium of: 2.25% of the original balance