

# POWER PURCHASE - MANUFACTURED HOUSING CONVENTIONAL GUIDELINES SUMMARY WHOLESALE CHANNEL

## OVERVIEW

The Power Purchase Manufactured Housing Down Payment Assistance Program is a competitively priced conventional loan program that requires a 3% down payment from the homebuyer(s). Combined with a 2% Power Purchase grant, your borrower(s) has a total of 5% down payment.

Loans submitted to LPA must not exceed 80% AMI for the location of the Mortgaged Premises. This applies to all Power Purchase Conventional mortgages, including those secured by properties in low-income census tracts.

This Power Purchase program is a purchase money first lien mortgage with down payment assistance in the form of a grant, available for both first-time homebuyers and repeat homebuyers on their primary residence.

- ☐ Refinance transactions are not
- ☐ Conforming loan amounts only
- ☐ Minimum FICO 620
- ☐ Manual underwriting is not permitted
- ☐ Manufactured housing only, please refer to [Power Purchase Conventional Matrix](#) for other property types.
- ☐ Down payment assistance is in the form of a 2% Power Purchase grant (no repayment required)
- ☐ [Income limits](#) are based off credit qualifying income reported on the 1003. All eligible income must be used in income limit calculation regardless of need. Manipulation of income to meet the income limit is not acceptable.
  - AMI must be 80% or below
- ☐ 3% minimum borrower cash investment requirement
  - Calculated off sales price or appraised value, whichever is lower
- ☐ No subordinate financing allowed, LTV 95.00% / CLTV 95.00%
- ☐ Benefit – Mortgage insurance coverage is lower 25% vs. standard 30% on a 95% LTV

### PROGRAM CODES

Power Purchase MH HP 2% Fixed 30

WCPPMH30HP2-000

**NOTE:** Standard LHFS [overlays](#) apply to this Down Payment Assistance Program.



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<b>FIRST MORTGAGE LOAN TYPES AND TERMS</b>	<ul style="list-style-type: none"> <li>First mortgage conventional 30-year fixed term with full amortization, purchase transaction only</li> <li>No buy-downs are allowed</li> <li>All HPML loans must pass Safe Harbor in order to be eligible for closing.</li> </ul>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>LHFS will follow <a href="#">Agency Guidelines</a> for Home Possible</li> <li>Subject to <a href="#">LHFS overlays</a></li> <li>Min FICO is 620</li> <li>45% Max DTI</li> <li>All student loans must have a payment calculated in the debt ratio. Refer to <a href="#">Student Loan Matrix</a></li> <li>LHFS preferred AUS – LPA (Accept / Eligible required) - Manual underwriting is not permitted <ul style="list-style-type: none"> <li>LPA should reflect Home Possible as the Offering Identifier</li> </ul> </li> <li><a href="#">MH Underwriting Reminders</a></li> </ul>
<b>BORROWER ELIGIBILITY</b>	<p>Borrower(s) must meet the following requirements:</p> <ul style="list-style-type: none"> <li>All borrowers must occupy the property as their primary residence</li> <li>Cosigners/non-occupying co-borrowers are not allowed.</li> <li>Meet income limits (see <a href="#">income limit</a> section)</li> <li>No foreclosures within the last 7 years</li> </ul>
<b>CASH BACK TO BORROWER</b>	<p>After the borrower has met the 3% of the sales price or appraised value investment, the borrower may receive the difference of their earnest money cash back. No portion of the 2% Power Purchase grant, credit for interest rate chosen, seller credits (including tax proration credits), or lender credits may be given back to the borrower and principal curtailments are not allowed.</p> <p>If the Appraisal fee was paid by debit card transaction, a copy of the bank statement listed on the 1003 showing immediate withdrawal from the borrowers account, will be considered as a part of the borrower's cash, eligible to be refunded to the borrower outside close of escrow.</p>
<b>DISCLOSURES</b>	First mortgage follows standard disclosure requirements.
<b>DOWN PAYMENT AND CLOSING COST ASSISTANCE</b>	<ul style="list-style-type: none"> <li>Borrower is responsible for closing costs. Closing costs may be paid by borrower, seller, and by lender credit. 3% borrower contribution required, based off the sales price or appraised value, whichever is lower, and may include gift funds from a family member.</li> </ul>
<b>ELIGIBLE PROPERTIES</b>	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> <li>Manufactured housing <ul style="list-style-type: none"> <li>All manufactured home condos must be on FNMA's approved list.</li> <li><a href="#">Institute for Building Technology and Safety (IBTS)</a></li> </ul> </li> </ul> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> <li>Properties with significant repairs not paid by seller or buyer prior to closing are not allowed (no repair escrows or holdbacks)</li> <li>Properties used for investment property, second home, or the operation of a business</li> <li>2-4 unit</li> <li>Single family detached or semi-detached (See <a href="#">Power Purchase Conventional Matrix</a>)</li> <li>Condo units in an approved project (See <a href="#">Power Purchase Conventional Matrix</a>)</li> <li>PUD attached or detached (See <a href="#">Power Purchase Conventional Matrix</a>)</li> <li>Transferred appraisals</li> </ul>
<b>ELIGIBLE STATES</b>	Nationwide Program, excluding the states of New York and Washington
<b>FEES</b>	<ul style="list-style-type: none"> <li>Standard LHFS state specific admin fees applicable (may be included in pricing).</li> <li>Processing fee must be reasonable and customary (cannot exceed \$995).</li> <li>Borrower paid compensation cannot exceed lender paid compensation that is currently on file with LHFS.</li> <li>A fee of \$400 will apply to each expired lock / locked loan not delivered.</li> </ul>



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<b>FIRST-TIME HOMEBUYER</b>	<ul style="list-style-type: none"> <li>Both 1st time homebuyers and repeat buyers allowed</li> <li>Subject to restrictions noted in <a href="#">Ownership of Other Residential Property</a></li> </ul>
<b>GRANT FUNDS</b>	<ul style="list-style-type: none"> <li>Grant amount is 2% of sales price</li> <li>Grant is immediately forgiven at time of closing</li> <li>Grant funds are reserved when the loan is locked.</li> <li>LHFS will advance the grant funds at closing</li> </ul>
<b>HOMEBUYER EDUCATION</b>	<p>At least one borrower must participate in a homeownership education program before the Note date.</p> <ul style="list-style-type: none"> <li>Homeownership education must not be provided by an interested party to the transaction, LHFS, or by the seller.</li> <li>Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ol style="list-style-type: none"> <li>Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFA's) or Community Development Financial Institutions (CDFI's)</li> <li>Programs developed by mortgage insurance companies</li> <li>Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (<a href="http://www.homeownershipstandards.com">www.homeownershipstandards.com</a>)</li> </ol> </li> <li>As an alternative to the programs listed above, LHFS allows CreditSmart® which meets the homeownership education requirements, provided: <ul style="list-style-type: none"> <li>The borrower completes the on-line Credit Smart® – Steps to Homeownership Tutorial, which includes: <ul style="list-style-type: none"> <li>Module 1 (Your Credit and Why It Is Important)</li> <li>Module 2 (Managing Your Money)</li> <li>Module 7 (Thinking Like a Lender)</li> <li>Module 11 (Becoming a Homeowner)</li> <li>Module 12 (Protecting Your Investment)</li> </ul> </li> <li>The financial literacy curriculum is not provided by an interested party to the transaction, the originating lender or by the seller</li> </ul> </li> <li>A copy of Exhibit 20, Homeownership Education Certification, or another document (such as the CreditSmart® – Steps to Homeownership certificate of completion) containing comparable information must be retained in the mortgage file.</li> </ul>
<b>INCOME LIMITS</b>	<p>Follow <a href="#">income limits</a></p> <ul style="list-style-type: none"> <li>Income limits apply (80% AMI or less) - required for all loans submitted to LPA.</li> </ul>
<b>LOCK STATUS</b>	<ul style="list-style-type: none"> <li>May lock at Conditionally Approved, with appraisal received.</li> <li>Loans are locked and grants reserved at the same time.</li> </ul>
<b>MANUFACTURED HOUSING ADDITIONAL REQUIREMENTS</b>	<p><a href="#">Institute for Building Technology and Safety (IBTS)</a></p> <ul style="list-style-type: none"> <li>Must meet the Model Manufactured Home Installation Standards.</li> <li>Must carry a one-year manufacturer's warranty if the unit is new.</li> <li>Be installed on a home site that meets established local standards for site suitability and has adequate water supply and sewage disposal facilities available.</li> <li>Home must be Titled and Taxed as real property.</li> <li>Affixed to permanent foundation in a way that makes the manufactured home a permanent part of the real property.</li> <li>Foundation design must comply with all local, state and federal codes.</li> <li>If there are additions or structural changes to the home, an engineer's inspection report certifying that the structural changes or additions to the property were made in accordance with the MHCSS and the home will be eligible for financing.</li> <li>Retrofit foundations are acceptable.</li> </ul>



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	<ul style="list-style-type: none"> <li>• More than one dwelling of any type is strictly prohibited when property is zoned for multiple units.</li> <li>• Home must be a multi-wide 1-unit dwelling built on or after 6/15/76.</li> <li>• Home must be at least 12 feet wide with a minimum of 600 square feet gross living area.</li> <li>• Home must have a HUD Certification Label permanently affixed to each transportable section. Must have verification of the HUD Data Plate as well as</li> <li>• The wheels, axles and towing hitches must be removed, and the anchoring system must be in compliance with HUD codes.</li> <li>• A manufactured home located on a leasehold estate is not eligible, nor is a manufactured home located in a non-approved condominium association.</li> <li>• Property location must be zoned for residential use.</li> <li>• Documentation in the file evidencing: manufactured home is legally classified as real property, manufactured home is properly titled (title insurance with ALTA Form 7.1 endorsement), lien on the manufactured home and the land on which it is permanently affixed secures the mortgage, and the lien has been properly created, evidenced and perfected.</li> <li>• The home can only be moved one time either directly to residence from the factory or from the retailer's location. Homes moved more than once are prohibited.</li> </ul>
<b>MORTGAGE INSURANCE</b>	<p>25% coverage is required</p> <p>Mortgage insurance options:</p> <ul style="list-style-type: none"> <li>• Borrower Paid Monthly</li> <li>• Borrower Paid Split Premium</li> <li>• Borrower Paid Single Premium</li> <li>• Lender Paid Mortgage Insurance (Power Purchase Plus: WCPPPMH30HP2MI-000)</li> </ul>
<b>OWNERSHIP OF OTHER RESIDENTIAL PROPERTY</b>	<p>Borrower(s) may not, as of the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, have an ownership interest in any other residential properties, except as stated below: The Borrower may have an ownership interest in a residential property other than the Mortgaged Premises if the Borrower does not occupy the property, and documents the following in the mortgage file:</p> <ul style="list-style-type: none"> <li>• The Borrower inherited their ownership interest in the property and shares ownership with another party, or</li> <li>• The Borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g. divorce decree), or</li> <li>• The Borrower is a cosigner/guarantor on the related mortgage debt and someone other than the Borrower has made payments on the debt associated with the property for the most recent 12 months, as documented with copies of canceled checks or a statement from the lender.</li> </ul>
<b>SALES PRICE LIMITS</b>	<ul style="list-style-type: none"> <li>• No sales price limits</li> </ul>
<b>SEASONING REQUIREMENTS</b>	<p><u>Bankruptcy</u></p> <ul style="list-style-type: none"> <li>• <u>Chapter 7</u>: 4 years from the discharge or dismissal date</li> <li>• <u>Chapter 13</u>: 2 years from discharge, 4 years from dismissal date</li> <li>• <u>Multiple Bankruptcy filings in the past 7 years</u>: 5 years from the discharge or dismissal date</li> </ul> <p><u>Foreclosure</u>: 7 years  <u>Deed-in-lieu of Foreclosure</u>: 4 years from the execution date  <u>Short Sale</u>: 4 years from the completion date</p>
<b>SERVICER</b>	<ul style="list-style-type: none"> <li>• Land Home Financial Services, Inc.</li> </ul>
<b>SUBORDINATE FINANCING</b>	<ul style="list-style-type: none"> <li>• No subordinate financing allowed</li> </ul>



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## URLA DETAIL

### Section 4: Loan and Property Information:

#### 4d. Gifts or Grants You Have been Given or Will Receive for this Loan

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☐ Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit      • Federal Agency      • Relative      • State Agency      • Lender
- Employer      • Local Agency      • Religious Nonprofit      • Unmarried Partner      • Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
Grant ▾	<input type="radio"/> Deposited <input checked="" type="radio"/> Not Deposited	Federal Agency ▾	\$ 13,256.00
▾	<input type="radio"/> Deposited <input type="radio"/> Not Deposited	▾	\$

- Select “Grant” from the drop-down menu under “Asset Type”
- Select “Not Deposited”
- Select “Federal Agency” from the drop-down menu under “Source”
- Include DAP dollar amount under “Cash or Market Value”

