



MEGA CAPITAL FUNDING, INC.

Manufactured Housing Product Matrix

Manufactured home is a dwelling of at least 400 square feet and at least 12 feet wide, constructed to the “HUD Code” for manufactured housing, that is built on a permanent chassis, installed on a permanent foundation system, and titled as real estate.

PURCHASE & RATE/TERM REFINANCE		
PRIMARY RESIDENCE		
Property Type	FRM LTV/CLTV/HCLTV	ARM LTV/CLTV/HCLTV
1 Unit	95%	95%
SECOND HOME		
Property Type	FRM LTV/CLTV/HCLTV	ARM LTV/CLTV/HCLTV
1 Unit (Multi-Width) ¹	90% ³	90% ³

CASH-OUT REFINANCE		
PRIMARY RESIDENCE		
Property Type	FRM LTV/CLTV/HCLTV	ARM LTV/CLTV/HCLTV
1 Unit (Multi-Width) ²	65%	65%
SECOND HOME		
Not Eligible		

NOTES
¹ Single-Width MH second home is not eligible.
² Single-Width MH not eligible for primary residence cash out.
³ Maximum of 85% LTV/CLTV/HCLTV for Freddie Mac loans
Investment Properties: Not Eligible



PROGRAM DETAILS

Overview	<ul style="list-style-type: none">• Min \$75,000.• Max FNMA conforming loan limit (loan limit table below)• Min FICO 620 score• Max DTI as determined by DU• AGN series - Max two (2) businesses for self-employed borrower.<ul style="list-style-type: none">◦ >2 defaults to AGNP• Higher-Priced Mortgage loans are not allowed• Ineligible for PIW• Manual underwriting is not allowed• All conventional loans must receive an AUS Approval.
Eligible States	All MCFI approved States



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Program Codes	Fixed Period		
		Program	
	Regular Conforming	DU/LP AGENCY FIXED	AGN30, AGN25, AGN20, AGN15 & AGN10
			AGNP30, AGNP25, AGNP20, AGNP15 & AGNP10
	DU/LP AGENCY FIXED		HB30, HB25, HB20, & HB15
			HBP30, HBP25, HBP20, & HBP15
	Adjustable Rate Mortgage		
	Regular Conforming	CONF7/6, CONF 10/6	
	High-Balance	HB7/6 & HB10/6	
	Mortgage Insurance Coverage	LTV	30 Year Term
>90 to ≤95%		30%	
>85 to ≤90%		25%	
>80 to ≤85%		12%	
Qualifying Rate	<ul style="list-style-type: none"> 7/6 & 10/6 SOFR: Note rate. Exception: Greater of the note rate or the fully indexed rate for loans that are higher-priced mortgage loans or higher-priced covered transactions under Regulation Z. If the fully indexed rate is higher, the loan is ineligible. 		



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Note Rate Limitations	<ul style="list-style-type: none"> <u>7/6 & 10/6 SOFR</u>: Note rates may not be lower than 3% below the fully indexed rate 				
Rate Caps & Margins	Product	Interest Rate Caps			Margin
		First	Subsequent	Life	
	7/6 & 10/6 ARM	5%	1%	5%	
Interest Rate & Payment Change Dates	The interest rate and payment adjusts every 6 months following the initial fixed rate period.				
Available Markets	<ul style="list-style-type: none"> Refer to the Loan Limit Lookup table at https://www.fanniemae.com/singlefamily/loan-limits Users are responsible for ensuring that individual mortgage loans do not exceed maximum county loan limits. 				
Maximum Loan Amount and County Eligibility	<ul style="list-style-type: none"> Refer to the Loan Limit Lookup table on the following link to determine maximum loan amount and county eligibility: https://www.fhfa.gov/DataTools/Downloads/Documents/Conforming-Loan-Limits/FullCountyLoanLimitList2021_HERA-BASED_FINAL_FLAT.xlsx The maximum High Balance loan amount is based on the property location (by city/county) and the number of units. In addition, High-Balance loan amounts are determined by high cost areas and are above the general conforming loan amounts. 				



TRANSACTION TYPES	
Loan Purpose	<ul style="list-style-type: none">• Purchase• Rate/Term Refinance (aka Limited Cash-Out Refinance)• Cash-Out Refinance
Occupancy Types	<ul style="list-style-type: none">• Primary Residence• Second Home
Ineligible Manufacturing Housing Criteria	<ul style="list-style-type: none">• Temporary Buydowns• Investment Properties• Homes located on leasehold estates• Single-width manufactured homes with a date of manufacture more than 10 years from the effective date of the original appraisal on FHLMC Loan.• Property subject to income-based resale restrictions on FHLMC Loan
Manufactured Housing Standards	<p>The loan must be secured by both the manufactured home and the land on which it is situated, and both the manufactured home and the land must be legally classified as real property under applicable state law.</p> <p>The purchase, conveyance, and financing (or refinancing) of the land and the manufactured home must be evidenced and secured by a single valid and enforceable note and first lien mortgage, deed of trust or security deed that is recorded in the land records, in states where applicable state law clearly provides for such a single lien.</p>
Loan Amount	<p>The loan amount may include the following costs:</p> <ul style="list-style-type: none">• cost of the manufactured home;• cost of the land;• the costs of construction, including<ul style="list-style-type: none">○ bona fide and documented transportation costs,○ costs for site preparation, which may include the cost to remove an existing manufactured home and other outbuildings,○ foundation,○ establishing utilities,○ all site improvements, and○ dwelling installation at the site. <p>Any personal property items (non-realty items) purchased in conjunction with the manufactured home must be deducted from the sales price and cannot be financed as part of the loan.</p>
Down Payment Requirements	<p>A minimum down payment of 5% must come from the borrower's own funds unless:</p> <ul style="list-style-type: none">• the LTV or CLTV ratio is less than or equal to 80%;• the borrower is purchasing a one-unit principal residence and meets the requirements to use gifts, donated grant funds, or funds



<p>Down Payment Requirements (cont.)</p>	<p>received from an employer to pay for some or all of the borrower's minimum contribution.</p> <p>The borrower's equity in the land is considered the borrower's own funds. Where the borrower holds title to the land on which the manufactured home will be permanently attached, the value of the land may be credited toward the borrower's minimum down payment (or equity requirement for a refinance). The borrower's equity contribution will be the difference between any outstanding liens against the land and the market value of the land.</p> <p>The following table describes how to determine the value of the land based on when and how the borrower acquired the land.</p> <table border="1" data-bbox="500 695 1446 1325"> <thead> <tr> <th>Date of Land Purchase</th> <th>Value of the Land</th> <th>Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>More than 12 months preceding the loan application.</td> <td>The current appraised value.</td> <td>None.</td> </tr> <tr> <td>12 or fewer months preceding the date of the loan application.</td> <td>The lesser of the sales price or the current appraised value.</td> <td>The lender must document the borrower's cash investment by obtaining: <ul style="list-style-type: none"> a copy of the settlement statement, a copy of the warranty deed that shows there are no outstanding liens against the property, or a copy of the release of any prior liens(s). </td> </tr> <tr> <td>The borrower acquired the land at any time as a gift, inheritance, or other non-purchase transaction.</td> <td>The current appraised value.</td> <td>The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land.</td> </tr> </tbody> </table>	Date of Land Purchase	Value of the Land	Documentation Requirements	More than 12 months preceding the loan application.	The current appraised value.	None.	12 or fewer months preceding the date of the loan application.	The lesser of the sales price or the current appraised value.	The lender must document the borrower's cash investment by obtaining: <ul style="list-style-type: none"> a copy of the settlement statement, a copy of the warranty deed that shows there are no outstanding liens against the property, or a copy of the release of any prior liens(s). 	The borrower acquired the land at any time as a gift, inheritance, or other non-purchase transaction.	The current appraised value.	The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land.
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<p>Purchase Money Transactions</p>	<p>Purchase money transactions are those in which the mortgage proceeds are used to finance the purchase of the manufactured home or the manufactured home and the land. The land may be previously owned by the borrower, either free of any mortgage or subject to a mortgage that will be paid off with the proceeds of the new purchase money mortgage.</p> <p>Note: The borrower does not receive any cash back with a purchase money transaction.</p> <p>New Manufactured Homes</p> <p>The LTV ratio (and CLTV/HCLTV ratio, if applicable) for a loan secured by a newly built manufactured home that is being attached to a permanent</p>												



<p>Purchase Money Transactions (cont.)</p>	<p>foundation system in connection with a purchase transaction will be based on the lower of:</p> <ul style="list-style-type: none"> the sales price of the manufactured home plus: <ul style="list-style-type: none"> the lowest sales price at which the land was sold during that 12 month period if the land was purchased in the 12 months preceding the loan application date; or the current appraised value of the land if the land was purchased more than 12 months preceding the loan application date. the “as completed” appraised value of the manufactured home and land. <p>Existing Manufactured Homes</p> <p>An existing manufactured home is one that already exists on its foundation.</p> <p>Manufactured Home Subdivision Development</p> <p>In cases where a manufactured home is being sold to a consumer by a builder, developer, or manufacturer acting as a developer as part of a new or existing manufactured home subdivision, the LTV ratio (and CLTV/HCLTV ratio, if applicable) for a loan secured by an existing manufactured home will be based on the lower of:</p> <ul style="list-style-type: none"> the sales price of the manufactured home and land; or the current appraised value of the manufactured home and land. <p>All Other Transactions</p> <p>The LTV ratio (and CLTV/HCLTV ratio, if applicable) for a loan secured by an existing manufactured home will be based on the lowest of:</p> <ul style="list-style-type: none"> the sales price of the manufactured home and land; the current appraised value of the manufactured home and land; or if the manufactured home was built in the 12 months preceding the loan application date, the lowest price at which the home was previously sold during that 12-month period, plus the lower of: <ul style="list-style-type: none"> the current appraised value of the land, or the lowest price at which the land was sold during that 12-month period (if there was such a sale).
<p>Limited Cash Out Transactions</p>	<p>Limited cash-out refinance transactions may involve the following scenarios:</p> <ul style="list-style-type: none"> payoff of an existing personal property lien on a new manufactured home (or an existing lien on the home and a mortgage on the land if encumbered by separate liens), or payoff of a first lien mortgage secured by an existing manufactured home and land (or existing mortgages for the home and land if encumbered by separate liens).



<p>Limited Cash Out Transactions (cont.)</p>	<p>The maximum LTV ratio (and CLTV ratio, if applicable) for a limited cash-out refinance transaction for a loan secured by a manufactured home and land will be based on the lower of:</p> <ul style="list-style-type: none">• the current appraised value of the manufactured home and land; or• if the manufactured home was owned by the borrower for less than 12 months on the loan application date and:<ul style="list-style-type: none">○ if the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such a sale);○ if the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period. <p>Proceeds of a limited cash-out refinance mortgage may be used to:</p> <ul style="list-style-type: none">• pay off the outstanding principal balance of an existing personal property lien or first lien mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate first liens);• pay off the outstanding principal balance of an existing subordinate mortgage or lien secured by the manufactured home and/or land, but only if it was used to purchase the manufactured home and/or land.• finance costs of construction.• finance closing costs (including prepaid expenses); and• provide cash back to the borrower in an amount not to exceed the lesser of 2% of the balance of the new refinance mortgage or \$2,000 for DU.• Disburse cash out to the Borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or \$2,000 for LP.
<p>Cash Out Refinance Transactions</p>	<p>A cash-out refinance:</p> <ul style="list-style-type: none">• involves the payoff of an existing first lien mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate first liens); or• enables the property owner to obtain a mortgage on a property that does not already have a mortgage lien against it and permits the borrower to take equity out of the property in the form of mortgage proceeds that may be used for any purpose. <p>To be eligible for a cash-out refinance, the property must be a multi-width manufactured home (single-width are not permitted). The borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application. The LTV, CLTV, and HCLTV ratios will be based on the current appraised value of the manufactured home and land.</p>



Underwriting	Select Manufactured Home or Manufactured Home: Condo/PUD in the Subject Property Type field
	The manufactured home must be built in compliance with <ul style="list-style-type: none"> 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 additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280. Compliance with these standards will be evidenced by the presence of either a HUD Data Plate or the HUD Certification Label(s) for each section of the home for existing construction. If the original or alternative documentation cannot be obtained for either of these, the loan is not eligible. (Both are required for new construction).
	The HUD Data Plate 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/Freddie Mac, the Data Plate includes pertinent information about the unit, including a list of factory-installed equipment. The HUD Certification Label(s), sometimes referred to as a HUD "seal" or "tag," is a metal plate located on the exterior of each section of the home. The Manufactured Home Appraisal Report (Form 1004C) must have photos of either the HUD Data Plate or the HUD Certification Label(s).
	As an alternative to the original HUD Certification Label(s) or the HUD Data Plate, the lender must obtain either a label verification letter with the same information contained on the HUD Certification Label(s) or duplicate HUD Data Plate from the Institute for Building Technology and Safety (IBTS). A duplicate HUD Data Plate may also be available by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. (A list of IPIA offices is posted on HUD's website.)
	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.
	FHLMC: A single-width manufactured home can be no older than 10 years, measured from the manufacture date on the HUD Data Plate to the effective date of the original appraisal
	The manufactured home must be a one-unit dwelling that is legally classified as real property and cannot include an accessory dwelling unit.
	The towing hitch, wheels, and axles must be removed. The dwelling must assume the characteristics of site-built housing.
	The borrower must own the land on which the manufactured home is situated in fee simple, unless the manufactured home is located in a condo project. <ul style="list-style-type: none"> For condos, both the land and dwelling, must be subject to the condo regime.
	A manufactured home may be located on an individual lot or in a project development. A project review is generally not required for a loan secured by a multi-width manufactured home located in a PUD project. Lender approval, or in



Underwriting (cont.)	<p>some cases Fannie Mae PERS approval, is required for condo projects that consist of multi-width manufactured homes.</p> <p>PERS approval is required for all condo, or PUD projects that consist of single-width manufactured homes.</p>
	<p>The manufactured home must be at least 12 feet wide and have a minimum of 400 square feet of gross living area for FNMA or minimum of 600 square feet of gross living area for FHLMC.</p>
	<p>Site preparation for delivery of the manufactured home must be completed.</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.</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 structural modification must be inspected and be deemed structurally sound by a third party who is regulated by the state and is qualified to make the determination. In all cases, the satisfactory inspection report must be retained in the mortgage loan file.</p>



Appraisal Requirement

- Form 1004C Required
- Multi-width: Minimum of 2 similar MH comparable sales; third comparable may be site-built or modular home.
- Single-width: Minimum of 2 similar MH comparable sales; one of the MH comparables must be a sale, active listing, or under contract sale with the same single-width configuration; third comparable may be site-built or modular home.
- The appraiser must indicate a value conclusion based solely on the real property as completed consisting of the manufactured home, site improvements, and land on which the home is situated. The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture.
- For new manufactured homes not yet attached to the land or not yet constructed, the appraisal may be based on either plans and specifications or an existing model home. If required information is not available at the time the appraiser is completing the appraisal forms, the appraiser must appraise the property subject to his or her receipt and review of the items and completion of the improvements as a condition of the appraisal. Information that may not be available can include, but is not limited to, the dealer invoice, the HUD Data Plate, and the Certification Label numbers.
- The Appraisal site requirements for manufactured housing are as follows:
 - The appraiser must base his or her opinion of value on the characteristics of the subject property, including the site area. The appraisal report must indicate whether or not the site is compatible with the neighborhood, and must comment on the conformity of the manufactured home to other manufactured homes in the neighborhood.
 - The property site must be of a size, shape, and topography that is conforming and acceptable in the neighborhood. It must also have competitive utilities, street improvements, adequate vehicular access, and other amenities. Because amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect them in his or her analysis and valuation. The appraiser must comment if the site has adverse conditions or is not typical for the neighborhood.
- The comparable selection requirements are as follows:
 - The appraiser must use a minimum of two comparable sales that are manufactured homes. If the subject property is a single-width manufactured home, one comparable must be a closed sale of the same single-width configuration, when available. If the appraiser is unable to find a single-width comparable sale, an active listing or “under contract” sale will qualify as a supplemental exhibit to show marketability. The appraiser may use either site-built housing or a different type of factory-built housing as the third comparable sale. The appraiser must explain why site-built housing or a different type of factory-built housing is being used for the third comparable



<p>Appraisal Requirement (cont.)</p>	<p>sale, and make and support appropriate adjustments in the appraisal report.</p> <ul style="list-style-type: none"> ➤ In markets where condo projects with manufactured homes are more common, at least two comparables should be manufactured homes located in a condominium project. In markets where condo projects with manufactured homes are atypical, the appraiser may select comparables from a mixture of manufactured homes and manufactured home condos provided the appraiser is able to provide adequate written explanation and make appropriate adjustments. ➤ An appraiser that is unable to locate sales of manufactured homes that are truly comparable to the subject property may decide it is appropriate to use either older sales of similar manufactured homes or sales of similar manufactured homes that are located in a competing neighborhood to establish a baseline for the “sales comparison analysis” and determine sound adjustments to reflect the differences between comparable sales that are available and the subject property. ➤ The appraiser must not create comparable sales by combining vacant land sales with the contract purchase price of the home. This type of information may be used as additional supporting documentation.
<p>New Construction of a Manufactured Home</p>	<p>When the mortgage loan funds the construction of a new manufactured home, construction must be complete when the loan is funded/purchased.</p>
<p>Title Insurance</p>	<p>American Land Title Association (ALTA®) Endorsement 7, 7.1, or 7.2 or any other endorsement required in the applicable jurisdiction for MH to be treated as real property must be included in the file.</p>

Modular Housing Eligibility & Requirements

Modular Homes. MCFI allows loans secured by modular homes built in accordance with the International Residential Code administered by state agencies responsible for adopting and administering building code requirements for the state in which the modular home is installed.

Prefabricated, Panelized, and Sectional Homes. Loans secured by prefabricated, panelized, or sectional housing are eligible for purchase. These properties do not have to satisfy HUD’s Federal Manufactured Home Construction and Safety Standards or the International Residential Codes that are adopted and administered by the state in which the home is installed. The home must conform to local building codes in the area in which it will be located.



Factory-built housing such as modular, prefabricated, panelized, or sectional housing is not considered manufactured housing and is eligible under the guidelines for one-unit properties. These types of properties must

- be built of the same quality of materials as and assume the characteristics of site-built housing,
- be legally classified as real property, and
- conform to all local building codes in the jurisdiction in which they are permanently located.

The purchase, conveyance, and financing (or refinancing) must be evidenced by a valid and enforceable first-lien mortgage or deed of trust that is recorded in the land records, and must represent a single real estate transaction under applicable state law. The lender is responsible for perfecting the real estate title and obtaining any needed title endorsements before selling the loan to Fannie Mae when a unit is titled as personal property similarly to manufactured homes.

All factory-built units must be permanently attached to a foundation that meets the standards for local building codes where the unit will be placed and in accordance with the recommendations prescribed by the unit's manufacturer (when applicable). If the unit had axles, wheels, tow hitch, or other hardware to facilitate ease of transportation to the site, the lender is responsible for ensuring that all such hardware is removed prior to selling the loan to Fannie Mae.

There are no minimum requirements for width, size, roof pitch, or any other specific construction details.

Modular Construction Techniques on Multi-Unit Buildings

Multi-unit buildings such as condos, and townhomes may be constructed, in whole or in part, through the use of modular construction techniques. All buildings must conform to local building codes in the jurisdiction in which they are permanently located. Units in these buildings are provided the same treatment as units in multi-unit buildings constructed with site-built techniques.