

PFI Notice 2003-4

July 1, 2003

Effective Date

Immediately

Special Attention:

PFI's MPF[®] Program Management, PFI's Origination Management, PFI's Servicing Management, Document Custodian Management, Other Guide Recipients

Subject:

Additional Requirements for Loans Secured by Manufactured Housing

Description of Change:

The following revisions have been made to the Origination Guide.

Additional Requirements for Loans Secured by Manufactured Housing

As a result of recent changes made by a rating agency that become effective July 1, 2003, we have revised our requirements for loans secured by manufactured housing and delivered under the MPF Program effective today.

In addition to the current requirements for manufactured housing, we will no longer accept loans secured by manufactured housing with the following characteristics:

- Subordinate financing
- Modified loans (including extensions, loan assumptions, transfers of equity)
- Land-in-lieu of downpayment (i.e. equity established based on ownership of land)
- Leasehold estates
- Low-side overrides (underwriting exceptions on loans that were previously rejected by the Originator)

As a reminder to PFIs, we currently do not accept and will not accept in the future loans secured by manufactured housing with the following characteristics because they are not considered real estate, as required by Chapter 5.02e of the Origination Guide:

- Repossessed units
- Chattel paper

In addition, the PFI must represent and warrant that no more than 15% of the aggregate principal balance of each Master Commitment is comprised of loans secured by manufactured housing. PFIs are reminded of the representation and warranty that they properly code loans as “manufactured housing” when providing Credit Enhancement data and delivering loans secured by this property type under the MPF Program (as required by Chapter 20.1.1 and Form OG3 and Instructions in the Origination Guide).

Due to industry changes in the area of manufactured housing, we intend to make additional changes to our requirements in the near future.

REVISIONS TO THE ORIGINATION GUIDE:

Replacement pages for the revised Guide chapters will be provided in a subsequent PFI Notice.

If you have any questions about these changes, please contact your MPF Bank Representative or call the MPF Customer Support Desk at 877-INFO-MPF (877-463-6673).