

Manufactured Home Title Retirement Information Sheet

The purpose of the information is to provide guidance on required documentation for Manufactured Homes.

Certificate of Origin:

- When new manufactured homes are on the dealer's lot for sale, the home at that point has a certificate of origin. The dealer receives the certificate of origin when they take possession of the home from the manufacturer. If the home is ordered by a customer, paid in full without financing it, delivered to the borrower and permanently affixed to their own lot it is possible that the home was never titled. This is acceptable if the owner can provide the original certificate of origin on the home.
- If they cannot provide the original certificate of origin, a request must be sent to PennDot to research the records to demonstrate the home was never titled. The request must include the following:
 - Owner's name(s): this would be the person that bought the home from the dealer
 - VIN number
 - Make, model and year

A letter from PennDot stating that no title exists will be sufficient documentation. If the home was financed at the time of purchase, the finance company would have required the home to be titled, placed a lien on the title and retained it until the home loan is paid in full.

Manufactured Homes sold as real estate transactions:

- When a manufactured home is sold via a real estate transaction, there are many inconsistencies & misunderstandings in the industry. Although the home is taxed and titled as real estate there are separate issues that pertain to the title of the home. When the home has wheels and transported on the highway, it must be titled with PennDot. However, when the home is sold free and clear by the dealer, delivered directly to the lot and permanently affixed as previously stated, it is not required.
- When the home is financed, the title could be in the finance company possession with a lien on the PennDot title until the home has been fully paid. Public records do not reference any liens on the title with PennDot, only mortgages with the finance company would appear. There could be a lien on the manufactured home title with PennDot and a mortgage lien if the title with PennDot is not retired.

Research of liens and title status:

- Requesting an executed [MV16](#) is valid when there is a title for the home and it can be submitted to PennDot along with the completed form. The MV16 is the application that is used to retire the title. In the past it was PennDot's general practice to endorse this form and stamp it to state that the title was retired. In late 2016 PennDot discontinued this practice and started issuing letters to the owners that were listed on the title to provide proof the title was retired. The title cancellation letters from PennDot contain more information than the endorsement portion of the MV16, either method of proof of retirement is effective.
- When asking PennDot to research their records to provide proof the title was retired, it is also acceptable to request and/or receive a Vehicle Record Abstract. This document must reference the information pertaining to the manufactured home and it must state the following: Stop: M and Lien: No. If this information is not listed on the Vehicle Record Abstract, it is not acceptable and further research must be completed with PennDot. If it indicates there is a lien on the home, the lien holder must be indicated. The lien must be released and followed up with steps to retrieve the title and then cancel it.
- If title is held by a finance company, they would only release it after funds are received to satisfy the lien. This would need to be documented in the file as a post purchase condition to provide additional time to clear and retire the title. For PHFA to purchase the loan, a copy of the title must be provided. A post purchase condition would be placed on the file as a reminder to the lender to follow up with PHFA to provide proof that the title was retired.
- If information regarding a title is submitted to PennDot and a response is received that states that they only retain these records for 10 years, please note this is not a true statement. PennDot retains the records on manufactured homes for more than 10 years. If you receive a letter from PennDot that states this please go back to them to advise that the records you are asking them to research pertain to a manufactured home. PHFA has information received directly from PennDot indicating PennDot the 10 year rule does not apply to manufactured homes.

Titles not retired:

- If the title was not retired and the owner listed of record cannot be located or if the lender is unsure who was the owner of record, a court order can be done to petition PennDot to cancel the title to the home. If the court order is completed, no other information regarding the title retirement is needed. However, the court order must contain satisfactory information that the process was completed and filed appropriately. The process to complete the court order can take a couple of months to complete. Please note this is the last option when the title issue cannot be resolved.

Contacts:

- PennDot: Customer Service: 717-412-5300
- Manufactured Home Association: Mary Gaiski @ 717-774-3440.
- Manufactured Home Certifications: <http://www.ibts.org/what-we-do/manufactured-homes/verification-letter-certificate/>
- PHFA: Homeownership Programs Division-Purchasing unit: sfpurchasing@phfa.org.

Underwriting the Loan for LTV

When underwriting the loan, the land is valued at the current appraised value. Also the appraiser's "as completed" value for the completed property must be taken into consideration.

EXAMPLE A:

Borrower purchased land more than two years ago. The Borrower owes \$5,000 on land, Construction cost \$49,500. Value of land equals \$10,000.

<u>LTV Purchase Price</u>		<u>Appraised Value</u>	<u>Requested Mortgage Amount</u>	
Value of Land	\$10,000		Balanced owed on Land	\$ 5,000
Construction Cost	<u>49,500</u>		Construction Costs	49,500
	\$59,500	\$59,500	Settlement Costs	<u>2,000</u>
				\$56,500

The Maximum **Eligible** Mortgage amount is \$56,500. For underwriting purposes, this would be a 95 percent loan-to-value ratio loan. Private Mortgage Insurance (PMI) is required.

EXAMPLE B:

Borrower purchased land more than two years ago and now owns it free and clear. Value of land equals \$10,000.

<u>LTV Purchase Price</u>		<u>Appraised Value</u>	<u>Requested Mortgage Amount</u>	
Value of Land	\$10,000		Balanced owed on Land	\$ 0
Construction Cost	<u>49,500</u>		Construction Costs	49,500
	\$59,500	\$59,500	Settlement Costs	<u>2,000</u>
				\$51,500

The Maximum **Eligible** Mortgage amount is \$51,500 since the land is owned free and clear. This would be a 86.5 percent loan-to-value ratio loan. PMI is required.

EXAMPLE C:

Borrower purchased land more than two years ago and is valued at \$10,000. They owe \$8,000 on land. Construction costs \$49,500.

<u>LTV Purchase Price</u>		<u>Appraised Value</u>	<u>Requested Mortgage Amount</u>	
Value of Land	\$10,000		Balanced owed on Land	\$ 8,000
Construction Cost	<u>49,500</u>		Construction Costs	49,500
	\$59,500	\$59,500	Settlement Costs	<u>2,000</u>
				\$59,500

Maximum **Eligible** Mortgage amount would be \$57,715. Borrower would need cash for the difference in order to meet the minimum 3 percent down payment requirement and the settlement costs. PMI is required.

EXAMPLE D:

Parents deeded lot to their son for "love and affection" over two years ago. Appraised value of lot \$15,000. Construction costs \$49,500.

<u>LTV Purchase Price</u>		<u>Appraised Value</u>	<u>Requested Mortgage Amount</u>	
Value of Land	\$15,000		Balanced owed on Land	\$ 0
Construction Cost	<u>49,500</u>		Construction Costs	49,500
	\$64,500	\$64,500	Settlement Costs	<u>2,000</u>
				\$51,500

In this situation the Maximum **Eligible** Mortgage amount is \$51,500. This would be a 79.8 percent loan-to-value ratio loan. No PMI would be required.

EXAMPLE E:

Borrower purchased land more than two years ago and now owns it free and clear. Construction costs \$49,500. Land appraised at \$7,500.

<u>LTV Purchase Price</u>		<u>Appraised Value</u>	<u>Requested Mortgage Amount</u>	
Value of Land	\$ 7,500		Balanced owed on Land	\$ 0
Construction Cost	<u>49,500</u>		Construction Costs	49,500
	\$57,000	\$52,500	Settlement Costs	<u>2,000</u>
				\$51,500

The Maximum **Eligible** Mortgage amount would be \$50,925 (97 percent of the appraised value, \$52,500). PMI is required.