

Hopefully all of our retailers have been able to attend one or more of the many trade association seminars and everyone is familiar with the appraisal requirements. (See summary attached for a refresher) In brief, the new appraisal rule requires independent 3rd party appraisals on all homes unless the loan meets the definition of a "Qualified Mortgage". Since about 50% of our loans are not Qualified Mortgage loans, many of the homes we finance will be affected.

FOR LAND/HOME LOANS:

- Traditionally we have ordered a real estate appraisal only. The new regulations require a combination appraisal of the home and land. The good news is the appraisal will be a "subject to" construction value before the home purchase order is placed with the manufacturer.
- Upon receipt of the signed purchase agreement, and \$1,000 appraisal and title search fee we will order a "Subject to" appraisal. The appraiser will produce an estimated combined home and land value that will be provided to the customer.
- The loan cannot close until three days after the borrower receives a copy of the appraisal. If the customer has an e-mail address and confirms he/she can open a *pdf file* attachment, we will send the appraisal by e-mail. If it is necessary to mail the valuation we must allow three days for mail delivery. If the borrower cannot accept email delivery we will mail the appraisal and allow three additional days for mail delivery, prior to loan closing. The regulations stipulate that the borrower must have a copy of the appraisal three days prior to loan closing.
- Once a home is on site, the appraiser will complete his onsite inspection. New homes do not require an interior inspection and this final inspection should not change the home valuation or delay funding of the loan. Pre-owned land/home loans require an interior inspection.

FOR NEW AND USED HOME-ONLY (CHATTEL) LOANS:

21st Mortgage has been working with both NADA and Datacomp to make sure they are prepared for the new appraisal regulations. We are confident that we will have a process in place to meet these new regulations with minimal interruption in the home buyer's experience. Since the home only appraisals do not include delivery, setup, retailer installed options and site work, it is very important that your customers can compare the appraisal to their home purchase agreement.

- Upon receipt of the contract request form and a signed purchase agreement, 21st will order a 3rd party valuation (appraisal). The valuation will be completed within approximately two days and upon our receipt of the valuation, a copy will be mailed to the Customer. If the customer has an e-mail address and confirms he/she can open a *pdf file* attachment, we will send the valuation by e-mail. If it is necessary to mail the valuation we must allow three days for mail delivery.
- It is impossible for the home only valuation companies (NADA and Datacomp) to include retailer site work and home delivery costs in their Appraisal values, therefore it is critically important the retailer prepares the customer to receive a valuation of the home before delivery and site additions. We recommend retailers amend their standard purchase agreement to show the price of the home and, on SEPARATE lines, itemize the cost of all retailer additions and options not purchased in the house from the manufacturer. These include but are not limited to: delivery and set, A/C, skirting, decks, stairs, footers, trim-out, hook ups, etc. When added together, this will be the total sales price.

Example of additional items that should be included on purchase agreement

Retailer Installed Options	
Delivery / Setup	\$4,000
A/C	\$2,000
Skirting	\$1,000
Steps	\$500
Base Pad	\$1,500
Hook Ups	\$1,000
Trim Out	\$800
Total Retailer options	\$10,800



New CFPB Appraisal rule: effective July 18, 2015

Please see the attached examples of purchase agreements. Your agreement does not need to match the example purchased agreements, but if the Retailer installed options and home price are combined into one line it is likely to exceed the appraisal valuation prepare by the valuation company.

The NADA and Datacomp services are available to retailers. This means that retailers may determine the value of any home according to either of these service providers prior to selling - or even ordering - the home. Many retailers see this as a valuable tool because it can eliminate or reduce possible problems in the sales process from a valuation/appraisal coming back with unexpected results.

We will send out more updates as the effective date approaches. If you have any questions about any of these upcoming changes, please contact your 21st Mortgage Business Development Manager.



Summary of the Appraisal Rule

- As of July 18, 2015 all manufactured home loans that are Higher Priced Mortgage Loans (unless they are Qualified Mortgage Loans) will require an appraisal (or valuation for chattel loans) before the loan can be made.
- Higher Priced Mortgage loan is any loan with a rate above Average Prime Offer Rate + 1.5%.
- Qualified Mortgages and loans less than \$25,500 are exempt from the appraisal requirements. The \$25,500 number is adjusted annually.
- The following appraisals (or valuations) are required based on loan type.
 - Land/Home with new (never titled) manufactured home must have a USPAP compliant appraisal performed by a certified or licensed appraiser, BUT no interior inspection of the home is required.
 - Land/Home with used manufactured home must have a USPAP compliant appraisal performed by a certified or licensed appraiser INCLUDING an interior inspection of the home is required. This applies even if the home is not located on the property at the time the appraisal is performed.
 - New manufactured home w/o land does not require an appraisal if one of the following three options is provided:
 - Manufacturer's Invoice
 - A Cost Estimate (ex: NADA report pulled by Lender)
 - A Valuation (ex: DataComp or FHA Title I Appraisal)
 - Used manufactured home w/o land does not require an appraisal if one of the following two options is provided:
 - A Cost Estimate (ex: NADA report pulled by Lender)
 - A Valuation (ex: DataComp or FHA Title I Appraisal)
- In all cases a copy of the appraisal or valuation must be provided to the consumer at least 3 days prior to closing (plus 3 days if mailed).

MOBILE HOMES FOR LESS
342 STATE HWY 13
DALLAS, TX 75092
989-243-6532

Buyer John Doe		Buyer Jane Doe		Phone 923-989-0134		Date 5/20/2015					
Setup Address 123 C St.		City Dallas		State TX		County 24376					
Mailing Address 123 C St.		City Dallas		State TX		Zip 24376					
						Salesperson Corey					
In this contract the words I Me and My Refer to the Buyer and Co-Buyer signing this contract. The words you and your refer to the retailer. Subject to the terms and conditions on both sides of this agreement you agree to sell and I agree to purchase the following described unit.											
MAKE Clayton		Model Lakeside		B Rooms 3	Floor Size 24	Hitch Size 48	PV Number				
Serial Number 1987A34JH15A/B		<input type="checkbox"/> NEW	Year 2015	<input type="checkbox"/> Used				Hud Label Number			
OPTIONAL EQUIPMENT, LABOR AND ACCESSORIES				BASE PRICE OF MANUFACTURED HOME		\$ 52,500.00					
1. RETAILER TO DELIVER, BLOCK, LEVEL AND TIE DOWN TO .											
STATE CODE ONE TIME ONLY.											
2. Tires, wheels, and axles and hitches are not included.				SUB-TOTAL		\$ 52,500.00					
3. Buyer responsible for all utility hook-ups including A/C disconnect				TITLE FEE							
4. Buyer is responsible for all City Permits and inspections.				MHIT OFFICIAL FEES, PERMITS							
5. Dealer to provide other items listed below at the following cost				PHYSICAL DAMAGE INSURANCE							
ADDITIONAL ITEMS Breakdown:				TOTAL ADDITIONAL ITEMS		\$ 13,050.00					
Delivery/Setup - \$5000											
A/C - \$3000											
Skirting - \$1250											
Steps - \$1000											
Base Pad - \$2000											
Hookups - n/a				TOTAL SALES PRICE		\$ 65,550.00					
Trim Out - \$800				TRADE-IN							
TOTAL ADDITIONAL ITEMS \$ 13,050.00				LESS: BALANCE							
				DUE ON ABOVE							
				NET ALLOWANCE							
				CASH DOWN							
				PAYMENT		\$ 6,600.00					
				CASH AS AGREED							
				SEE 'REMARKS'							
				2. LESS TOTAL CREDITS							
				3. UNPAID BALANCE OF CASH SALE PRICE		\$ 58,950.00					
BUYERS HEREBY CERTIFY THAT NO OTHER PROMISES AND/OR REPRESENTATIONS HAVE BEEN MADE TO BUYERS BY ANY OF THE PERSONNEL ASSOCIATED WITH OTHER THAN THOSE ITEMS ENUMERATED ABOVE, AND BUYERS HEREBY INITIAL THIS PARAGRAPH CERTIFYING THERETO.				NOTICE THE TERMS AND CONDITIONS APPEARING ON BOTH SIDES ARE PART OF THIS CONTRACT, PLEASE READ THEM CAREFULLY. I, OR WE, ACKNOWLEDGE THAT I, OR WE, HAVE READ AND UNDERSTAND THIS CONTRACT, THAT ALL BLANKS WERE FILLED IN BEFORE I, OR WE, SIGNED THE CONTRACT BELOW, THAT I, OR WE, RECEIVED A SEPARATE WRITTEN WARRANTY FROM YOU ON THE LISTED MANUFACTURED HOME. I, OR WE, ARE VOLUNTARILY PURCHASING THE ABOVE HOME, THE OPTIONAL EQUIPMENT, ACCESSORIES AND INSURANCE, IF INCLUDED. I, OR WE, RECEIVED A COPY OF THIS CONTRACT AT THE TIME IT WAS SIGNED.							
Description of Trade-in											
Year											
Make		Model						Bedrooms		Size	
Title No.		Serial No.						Color			
AMOUNT OWING TO WHOM											
Trade - In Debt To Be Paid By <input type="checkbox"/> Retailer <input type="checkbox"/> Customer											
Mobile Homes for Less, LLC				SIGNED _____ BUYER							
NOT VALID UNLESS SIGNED BY AN OFFICER OF THE COMPANY											
By				SIGNED _____ BUYER							
APPROVED, SUBJECT TO ACCEPTANCE OF FINANCING BY BANK OR FINANCE COMPANY											

MANUFACTURED HOME SALES CONTRACT

Purchaser John Doe DL: _____ Phone: 876-243-1990
 Co-Purchaser _____ DL: _____ Phone: 876-243-1991
 Mailing address 123 Market St (City) Charlotte (State) NC (Zip) 23412
 Delivery Address 123 Market St (City) Charlotte (State) NC (Zip) 23412
 Delivery County Mecklenburg
 PHC _____ License # _____

Description of Manufactured Home

New Stock Special Order
 Previously owned DLR Inventory Bank repo
 Manufacturer Champion
 Model Pinnacle
 Year 2015

Identifying Numbers

Section	Label / Decal Number	ID /Serial Number
1		1234fg73dfhc2337a
2		1234fg73dfhc2337b
3		
4		

Size

Section	Width	Length
1	32	76
2	32	76
3		76
4		76

Contract Transaction

Type of Transaction Cash Financed
 Type of Loan Chattel Land Home
 Base Home Price \$ 87,200.00
 (Page 2) Options \$ -
 (Page 2) Additional Items Included \$ 13,300.00
Sub Total \$ 100,500.00
 Inventory Tax \$ -
 Title Fees _____
 Insurance (12 months) _____
 Extended Service Contract (12 months) _____
 Lender Prepaid Finance Charges _____
Total Contract Price \$ 100,500.00

Trade-in Allowance \$ -
 Trade Pay Off \$ -
Net Trade-In Allowance \$ -

Deposit (*) \$ 10,050.00
 Other Down Payment _____
Total Down Payment \$ 10,050.00

Sales Tax (if not included above) _____
Loan Amount (including points) \$ 90,450.00
Less Lender Prepaid Finance Charges _____
SALES CONTRACT PRICE \$ 90,450.00

Other Considerations:

- Possession and title of the home will not be transferred until the full cash price has been paid. Move-in cannot be granted until paid in full and the home has been set and tied down to state code. Purchaser is responsible for any temporary living arrangements needed prior to move in.
- If included in the contract, delivery, setup and tie down will be performed to state code.
- Purchaser is responsible for utility hook-ups unless otherwise stated in the contract.
- If purchasing a model center display unit, furniture and décor are not included in the sale price unless specifically stated.
- Retailer retains all wheels, axles and tires.

This contract is subject to arbitration and constitutes the entire agreement of the Seller for the sale, and the Purchaser(s) for the purchase, of the home described. This contract supersedes any previous versions. No other agreements, representations or inducements, either oral or written, have been made except as set forth in this contract.

*We received this offer 24 hours prior to signing this contract.

General Manager _____ Date _____
 Purchaser _____ Date _____
 Purchaser _____ Date _____

